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West Europe Report

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11 July 1984

WEST EUROPE REPORT

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ARMAOGLU, BIRAND, BARLAS ON CYPRUS INITIATIVE

Armaoglu: Steadiness Necessary

Istanbul TERCUMAN in Turkish 12 Jun 84 p 4

[Article by Professor Fahir Armaoglu: "Denktas in Ankara"]

[Text] This first visit by President Rauf Denktas of the Turkish Republic of Northern Cyprus [TRNC] to the motherland as the head of an independent state is no doubt the most important event in the Cyprus problem in 30 years. One might even admit this visit to be a phase, a "stage." For Turkey's relations with the Turkish Cypriots now have a new legal framework. Now, it is a question of relations between two independent states.

Nevertheless, we believe it necessary, owing to the international circumstances involved in the Cyprus problem, to keep the nature and scope of this visit within a specific framework. We must point out especially that we would find extremely out of place and untimely the signing as rumored of a mutual defense agreement or treaty of alliance. Such a move may lead to tensions in the Cyprus problem that could go beyond our control. Full consideration must be given to how useful tensions of this kind would be for Turkey at the moment.

Moreover, the logic behind the rationale said to have been offered for such a defense treaty is debatable. This rationale is that the 1959 treaty of guarantee is no longer in effect. Such is the claim of the Greek Cypriot side. The Greek Cypriot side claims that the treaty of guarantee is invalid. But to date Turkey has accepted no such claim, because to assume this treaty defunct would mean for Turkey depriving the 1974 Cyprus Operation of a vital legal basis, the consequences of which might even put Turkey in a difficult spot today. It remains that the existence of the treaty of guarantee may still be of some use to Turkey.

The most important aspect, in our opinion, of Denktas' Ankara visit is to show the U.S. Congress Turkey's determination on the Cyprus problem and the futility of Congress' making aid dependent upon the Cyprus problem. It would be better, therefore, to leave the atmosphere of the visit in this framework.

Of course, bilateral economic relations between Turkey and Cyprus are, as always, excepted.

There will be a question of our President Evren's returning Denktas' visit. Doubtless, the background and nature of this "return visit" will be articulated in the future by the form and nature of relations between the Greek Cypriots and Greece.

Birand: Turks Offering Concessions

Istanbul MILLIYET in Turkish 12 Jun 84 p 7

[Article by M. Ali Birand in the column "Corner": "New Package for Cyprus"]

[Text] Regular readers of our column know that, for some time, we have been saying, "Something is in the works for Cyprus." Our attention had been drawn in the foreign capitals where we visited and talked by comments by well-informed and influential circles about a new "Cyprus initiative" by the Turks. It was said that certain preparations were being made, that it had been discussed at a secret top-level (president, chief of the general staff, prime minister) meeting in Ankara and that an "initiative" was certainly desirable.

So these preparations have been completed.

The details of this plan are being reviewed and finalized with TRNC President Rauf Denktas during his current official visit to Turkey:

This new "initiative," to be sent to the UN Secretary General this week and in all likelihood to be announced during the UN Security Council session on Cyprus, is aimed at alleviating -- by creating a climate conducive to resumption of the UN Secretary General's intercommunal talks -- the pressures which have been building steadily on Turkey in recent weeks, especially from the U.S. Congress. The UN Secretary General is, for the present, virtually the "key man" in the pressures on Turkey. Everyone wants and expects the intercommunal talks to resume following the TRNC's independence initiative. It is hoped that Rauf Denktas' 2 January proposal that Varosia be opened without conditions to Greek Cypriot resettlement" might be used for this purpose.

The UN Secretary General, meanwhile, points out that Denktas first proposed the opening of Varosia without conditions but later imposed certain conditions (by letter on 18 April 1984) and that the new constitutional referendum under consideration for August is a solidifying element, that is, an element prohibiting resumption of the intercommunal talks, and he is asking that these two points be changed by the Turkish side. He has suspended efforts to resume the talks until these changes are made.

Now the new "proposal package" prepared for presentation by the Turkish side is designed to resolve this impasse.

The weight of the new Cyprus package, drawn up in such secrecy and which prompted such differences of opinion not just between the TRNC and Turkey, but even between the individuals closely concerned, is, as far as the West and the Greek Cypriots are concerned, still Varosia. According to what we have been able find out, though all details are not known, certain commitments and conditions which were

later imposed for the reopening of Varosia to Greek Cypriot settlement are being lifted and it is agreed that negotiations on this should begin immediately. In addition, the Turkish side is ready to negotiate with good will and a series of new proposals is being brought in to aid solution of the Cyprus problem.

Another approach, which we could not confirm however, involves a series of proposals to prevent the Greek Cypriots, after taking over Varosia, from making propaganda material out of the state of disrepair of the buildings, since they have not been inhabited since 1974. An example would be the \$250-million-Cyprus-rebuilding fund (rejected by the Greek Cypriots) suggested by the U.S. Mission.

We will see whether this new initiative will achieve its goal when the contents are made fully known and we find out whether its "sale" to the public was well organized. The Greek Cypriots will surely object to something in the package as inadequate.

However, the important thing, after all this effort and strain, is the impact of the new proposals on the Western governments and public opinion. The Turkish side, considering that this package is a change in its latest stance, ought at least to have one mark in its favor.

Barlas: Impact of Varosia

Istanbul MILLIYET in Turkish 12 Jun 84 p 1

[Editorial by Mehmet Barlas: "Denktas in Ankara"]

[Text] Rauf Denktas' first visit to Ankara in his capacity as head of state of the Turkish Republic of Northern Cyprus has a significance far beyond the courtesies of protocol. By this visit, the Republic of Turkey will once more proclaim to the world that it will stand surety for the fate of another Turkish state.

The TRNC is not the first Turkish state established outside Anatolia in the 20th century. Among the negative developments resulting from World War I was the attempt to establish two states under the leadership of Turks, one in Libya and one in Western Thrace. Besides these, there was also the state of Hatay, which ended up joining the motherland.

Ancient and recent history are witness to the ability of the Turks as regards establishing and perpetuating states.

So now after the future of the TRNC, a priority item on the world agenda as well as ours, is guaranteed in Ankara, perhaps through a "defense cooperation agreement," the diplomatic problems confronting this state can be examined at length.

As you will read in our colleague Mehmet Ali Birand's column today, the purpose is the re-creation of a climate in which the UN-sponsored intercommunal talks on Cyprus may begin. Both Ankara and Nicosia seem to have their minds made up in this regard.

In the foreground as the most serious problem at the moment, it seems, is "Varosia," which the UN Secretary General is talking about and which constantly comes up in the U.S. Congress as it discusses aid to Turkey.

It is a must that, in the discussions he will hold in Ankara with Turkish officials, Denktas come up with alternatives for the future of Varosia. Is Varosia, which has been uninhabited since 1974, to be open to joint Greek and Turkish use? If such use were mutually acceptable, what principles would apply to strategic control of the heights dominating Varosia?

In short, the key to a diplomatic solution in Cyprus lies, at present, in the future status of Varosia.

Beyond this, the status of the TRNC and the constitutional referendum which would further solidify this status must, we should think, be excluded from diplomatic bargaining. If the Greek Cypriots and their supporters should persist in the intractable attitudes of the past, admission of the UN peace-keeping force to the Turkish sector may even become debatable.

Thus, President Denktas has, with his visit, begun initial preparations for a diplomatic heat wave on Cyprus.

8349

CSO: 3554/249

RETIRED GENERAL WARNS OF 'CARTHAGINIAN PEACE' ON CYPRUS

Istanbul MILLIYET in Turkish 12 Jun 84 p 2

[Article by retired General Ihsan Gurkan]

[Text] Ihsan Gurkan:

Born 1916. Became an officer in 1936 and a general in 1962. Retired in 1974 at the rank of lieutenant general. Attended the Turkish and Canadian War Academies and the Armed Forces Academy. Served in the Korean War. Has served in various NATO posts at home and abroad, most recently as Turkish representative on the NATO Military Committee. Currently a member of the Turkish Foreign Policy Institute and instructor on the Political Science Faculty of Istanbul University.

U.S. Senator Derwenski made an interesting, to say the least, speech at a meeting of the Turkish-American Society held near Washington. Laying reserve aside, he cast his pearls of wisdom before world public opinion, saying in effect, "Ankara should pressure the Turkish Cypriots to turn over Varosia to the Greek Cypriots, and that would solve the problem."

While I was wondering after reading this report in the newspaper whether the United States was offering the Greek Cypriots a Carthaginian peace, another report from Washington by M. Ali Birand* proved how accurate this conjecture was. According to this report, the United States wants Turkey to pressure the Turkish Cypriots on three points:

- Handing over Varosia to the Greek Cypriots,
- Postponing the constitutional referendum,
- Not holding elections.

If one may believe this report, if Turkey cannot persuade the Turkish Cypriots to accept this American formula, which is certain to be followed by new Greek Cypriot demands, American aid will suffer new reductions, the aid reduced from \$775 million to \$670 million in the first stage over Varosia being reduced to \$600 million. That is, a threat, or what we would more accurately call blackmail, is being interjected.

*MILLIYET, 28 May 1984. M. Ali Birand piece datelined Washington.

All of these occurrences, as implied above, show clearly that the Greek Cypriots, their Greek patrons and the United States, which hesitates at nothing to gain their confidence, are pushing for a new Carthaginian peace in the Mediterranean.

The struggle between the Roman Empire and Carthage, and the outcome, are well known. The Carthaginian resistance against Rome in the Punic Wars was gradually worn down and Carthage was forced to make concessions to Rome. After the young men and women had been given up to the Romans, they demanded the surrender of male children as well, and the Carthaginians were unable to stand against the incessant and ever heavier demands. In 146 B.C. on the eve of the third Punic War, the Roman Senate met to discuss the Carthage question, and Senator Cato's proposal to destroy Carthage in the words "Censeo Carthaginem esse delendam" won out. Roman legionnaires destroyed the entire population of Carthage, leaving no stone standing upon another. They filled in the wells and covered the soil with sand so that no living thing could flourish.*

Compromise Formula

Now, Turkey's friend (!), the distinguished American senator, and other members of Congress who think like him look upon the compromise formula that would make a second Carthage of the Turkish Republic of Northern Cyprus as a final solution and seem to desire such a formula. Apparently, they do not know or do not want to know about the kind of additional compromises which the Greek Cypriot side and the Greeks would demand after Varosia. It is necessary to tell the distinguished American senator and those who think like him that this is not just a matter for Cyprus. The Greek cause and Greek tactics repeated over and over from the Morea rebellion on down to Crete, the War of 1897 which ended in a crushing Greek defeat, the Balkan Wars and, ultimately, to Papandreou's incredible forays, bring to the Turkish mind the Carthaginian Peace and always will. This is where the difficulty lies in relations with the Greeks and their latter-day kin, the Greek Cypriots. Indeed, it must be kept in mind at all times that one concession allowed in advance, that is, without knowing its counterpart, purely for the sake of getting a dialogue started will invariably be followed by others.

One feature of our foreign policy is appropos here. As one foreign writer has said, "World peace today depends ultimately on our learning how to live with our enemies." The Cyprus problem and the Turkish-Greek disagreements in the Aegean turn on a single political problem. Vis-a-vis Greece's intractable position, in particular, an agreement seems a very remote possibility. In the Middle East, where a new political bomb explodes every year, Turkey is closely concerned with the problems from more than one aspect and has vital interests in the geographical region. Yet it has to take Cyprus and the Aegean, and preparedness there, into account also. However, both the Greeks and the Greek Cypriots seem to be overlooking one point. The longer their intransigence continues, the firmer partition of Cyprus becomes, and the point of no return is rapidly approaching. The time when one might say, "It is too late," is quite near, if not at hand.

*Frederick H. Hartmann, *The Relations of Nations*, McMillan, New York (Third Edition) 1973, p 9.

Conclusion

In conclusion, the United States must bear in mind that the Greek Cypriots and their Greek patrons and friends are, with their lack of good will and the intransigence stemming from it, on the verge of bringing another bloodbath to the Green Isle of Cyprus, which has been tranquil for the past 10 years.

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CSO: 3554/ 250

SOCIALIST CONGRESS CONCLUDES WITH SORSA BLAST AGAINST PRESS

Nuclear Stance Still Pondered

Helsinki HELSINGIN SANOMAT in Finnish 11 Jun 84 p 6

[Text] The Social Democrats have not yet taken a stand on the possible construction of a fifth nuclear power plant. With a clearcut majority the SDP [Social Democratic Party] congress rejected an initiative the purpose of which was to pin a negative position on the SDP with respect to a new nuclear power plant.

A proposal to organize an advisory vote in the party on a decision on the nuclear power plant was also rejected. With about a two-thirds majority a proposal that the SDP reach a decision on the nuclear power plant at its party congress was at the same time rejected.

Jorma Bergholm proposed that the project for a fifth nuclear power plant be rejected. He found it strange that from one congress to the next the Social Democrats could feel that they were incapable of reaching a decision.

Both vice chairman Pirkko Tyolajarvi and Energy Committee chairman Risto Jarvinen stressed the fact that they were in no hurry to come to a decision and that matters relating to the nuclear power plant had to be studied.

According to Jarvinen, in the course of its discussions the committee laid emphasis on knowledge of the subject in the work of making a decision. The SDP must not defer to the needs of the energy companies; knowledge must be obtained from elsewhere, Jarvinen emphasized.

The party congress approved a position on the nuclear power plant whereby a decision would be made in Parliament. The SDP urges swift handling of the nuclear energy law in the government and in Parliament, stresses scientific research and publication of the results in connection with nuclear power and warns against artificially increasing the consumption of electricity. Commune residents' power of decision with respect to the locating of power plants must be protected in future as well with the right to plan.

Separation of Church and State

The party congress unanimously endorsed Erkki Tuomioja's proposal "to reorganize relations between the church and the state." The proposal is aimed at separation of the church and the state and Erkki Liikanen among others supported the motion.

Tuomioja's proposal was added to the official statement on the Evangelical Lutheran Church endorsed by the party congress. According to the statement, the refusal to admit women pastors adopted at the May church conference was "in opposition to the attitude of citizens, church members and the majority of the church leaders. It violated the sense of justice of most of our people and was a blow to efforts to improve women's status and promote social equality."

The official statement notes that the SDP has not assumed this position on the decision on theoretical grounds. It also urges those of its members having religious convictions to participate in parish activities and exert their influence in the government. According to the statement, relations between the worker movement and the church have been evolving in a favorable way.

Ilkka Taipale, who supported the addendum to the official statement, feels that it is important for Social Democrats to be active in church circles. "If they adopt a position, they will retain it for 2,000 years," Taipale said.

Aarne Laurila and Ways and Means Committee chairman Antero Anttila also backed Tuomioja. Party secretary Liikanen explained that whether the SDP can adopt a position on church matters is a question of principle. In Liikanen's opinion, it is possible in the name of a general principle: Equality can be required of all social institutions.

Peace Impaired by Israel

Helsinki HELSINGIN SANOMAT in Finnish 11 Jun 84 p 6

[Text] In the position the party congress adopted on international affairs they stuck almost exactly to the official lines of Finnish foreign policy and avoided pointing the finger at the superpowers, not even in connection with violations of human rights and national sovereignty. The only exception to this was "the occupation policy pursued by Israel which violates the rights of the Arab population," in connection with which they said that the establishment of colonies in the occupied areas seriously impaired the chances of peace in the Near East.

In their statement of position they demanded the cessation of arms shipments to and economic support for Iraq and Iran. They felt that a return to a political dialogue between the superpowers and the bringing about of a summit conference are indispensable to the stabilization of international relations.

On the subject of Finland's relations with the Soviet Union, they asserted that we must constantly be capable of keeping them independent of international political changes. The implementation of the Friendship, Cooperation and

Mutual Assistance Pact "in a spirit of mutual understanding" is the prerequisite for this.

They expect the nuclear weapon powers to cooperate in the establishment of a Nordic nuclear-free zone with their own disarmament policy action. In connection with this, in the opinion of the SDP, agreement would also have to be reached on the necessary arrangements for the safeguarding of nuclear-free status for the Baltic.

The party congress also reminded us that, in accordance with pledges that have been made, Finland must increase its public aid for development to 0.7 percent of the GNP by 1987. A detailed plan is to be drafted for increasing appropriations to 1 percent after that. In the 1984 budget aid for development appropriations accounted for only about 0.4 percent.

As for defense appropriations, the party congress reiterated the position assumed by the last party congress in Pori, according to which defense expenditures should not be increased in terms of actual value.

The party congress deleted the party committee interpretation to the effect that a decision would mean that the share of the GNP represented by defense expenditures would not grow.

SDP Leaders

Helsinki HELSINGIN SANOMAT in Finnish 11 Jun 84 p 6

[Text] During its 5-day congress the SDP elected the following leaders: chairman Kalevi Sorsa, first vice chairman Pirkko Tyolajarvi and second vice chairman Matti Ahde. The party secretary is Erkki Liikanen.

The chairman of the party council is an editor, former Member of Parliament Risto Tuominen. The first vice chairman is Riitta Prusti, the second chairman of the TVK [Confederation of Salaried Employees]. The second vice chairman is education chief Kari Kortelainen.

The party committee: Kalevi Alen, Maija-Liisa Nieminen, Jarmo Rantanen, Pertti Paasio, Pentti Sahi, Matti Puhakka, Jussi Ranta, Per-Erik Lundh and Kaj Barlund. Alternate members: Tuulikki Hamalainen, Uolevi Kaukovaara, Arpo Heinonen, Maija-Liisa Jarvi, Markus Aaltonen and Esko J. Ojala.

United but Frustrated

Helsinki HELSINGIN SANOMAT in Finnish 11 Jun 84 p 6

[Commentary by Erkki Pennanen]

[Text] The 33d SDP Congress proceeded in exactly the kind of unanimous and colorless atmosphere that party chairman Kalevi Sorsa had dared to promise it would beforehand. That is why the great attention received by Erkki Tuomioja's attempt, doomed to defeat beforehand, to pressure the party's governing bodies so uncommonly annoyed the party chairman.

Not only were the party leaders against Tuomioja, but indeed most of the rank and file. Tuomioja was even more isolated in Lahti than he was 3 years ago in Pori. He did not even try to gain attention with his proposals, which irritated party leaders, and they would not have received any sympathy in the congress hall.

The 73 out of 360 votes Tuomioja received in the party committee vote do not give an accurate picture of the insignificance of the support he got. He also got votes from those of his opponents in whose opinion party democracy would have required him to respect the Helsinki district's choice and to stick with Helsinki.

Tuomioja leftists and his kindred spirits have been diminishing in number at the same rate as the party's internal discussion has been constrained these past few years, members have been getting older and no new young blood has entered the party. The Lahti party congress was a convincing display of how unanimously the SDP sticks to the Sorsa-Liikanen policy line.

Now for the fourth time elected chairman, Sorsa has more and more clearly assumed the role of statesman and prime minister. He has left the party's everyday affairs and politicking to quickly trained party secretary Erkki Liikanen.

With his speech Liikanen received a good deal of applause, which reflected the rank and file's evident satisfaction with the party secretary. The division of labor between the chairman and the party secretary also lessens the conflict that arises from the concentration of chairman and prime minister's duties in the same hands.

Sorsa asserted that, if it were only up to him, the 3-year term that has now begun would be his last one. He seems to really mean that, but that need not, however, be the last word.

The party congress engaged in lively and high-level preliminary discussion of the drafting of the party's new platform. They intend to have a draft of the new party platform ready by spring 1986. The platform will finally be approved during the next party congress in Helsinki in 1987.

Tepid Discussion

Not even initiatives on opposing a fifth nuclear power plant and responding negatively to nuclear power led to very fiery exchanges. Party leaders once more asserted that the time for reaching decisions was not yet at hand. They promised members open and democratic discussion of the matter when the time for it came.

The motion for an advisory member vote was bothersome for the party leaders because passing it would at the same time imply a favorable attitude toward a fifth nuclear power plant. It is unthinkable that the Social Democrats might vote, but not so for others.

During the discussion they did not even get started on wage-earner funds. The adoption of a position on joint-action funds for businesses that had been promised beforehand remained merely a demand made on the government for it to investigate different alternatives for the development of joint-action funds.

The issue does not even seem to especially interest the trade union movement. This is because in Finland the Social Democrats do not go ahead and stubbornly promote their own model as in Sweden, instead pursuing discussions with other political parties even before they perfect their own model.

News Media and Politics

Although the SDP seems to be doing very well compared to many other parties, it does have problems. Party membership has not increased for several years now. There is little interest in political activities, especially among the young people.

During the same period the government caretaker party's support figures have not been rising with the Koivisto absorption effect, opinion polls show the absorption effect to be moving in the direction of those market vendors who jest about policy, that is, the SMP [Finnish Rural Party], and the amateurs, that is, the Greens.

Looking for the reasons for this development, the party has set its sights on the news media as a scapegoat. They try to disseminate an image of politics as a sort of dirty slinking about and politicians as being involved in a personal game, as party actions are observed to be in the position endorsed by the party congress.

As early as in his opening party congress speech, party secretary Liikanen fired off a broadside at the news media. On the day of the decision chairman Sorsa fired with even heavier artillery. Sorsa even felt that parliamentary democracy has found a challenger in "infocracy" — the power of the news media.

Because, according to Sorsa, the press is completely uncritical of its own activities, he felt it was his duty to criticize it. The characteristics of the press are: great lack of intelligence, evasion of consideration of social problems (and others too), transformation of political issues into personal issues and irresponsibility.

A prime minister in many a Western democracy would scarcely have the political courage and position to be as outspoken as he. Sweden's Olof Palme too avoided falling into generalizations about the news media in Lahti. Politicians really have to be rigorous with the news media. In Finland they have not been even though Sorsa does feel that the power of the news media is already threatening parliamentary democracy.

Utopia Uncertain in Lahti

Helsinki HELSINGIN SANOMAT in Finnish 11 Jun 84 p 2

[Editorial]

[Text] Going through a period of ascendancy, SDP leaders sought and with no difficulty received authorization to continue in office and directives for the 3-year term from the party congress. Almost everything in Lahti followed the tune of the party leaders with no surprises and no especially discordant notes. Most of the arm-twisting came from party committee members, which the leaders resolved by pushing party democracy to suit themselves and as the failure of the Helsinki Social Democrats.

Other matters on the congress agenda were of more interest than the election of candidates, the outcome of which was obvious beforehand. From a long-range standpoint, the most important of these was the planned discussion of the new platform that is taking shape.

It was clear from the discussion that, although today's working class is not the same as it used to be — overalls are rapidly being replaced by neatly pressed pants — they would understandably like to see to it that the party retains its own cachet as a working class party relying on its history. They do not want to give up socialism, but are ready to change its substance.

In light of the discussion, they also want to update the platform, to some extent disengage it from an obsolescent Marxism, shape a sort of self-governing socialism. Those most desirous of attaining power would even start with the pursuit of a general party; they would like to respond "to the hopes of all citizens and seek their support."

They have tried to retain the demand that the means of production be transferred to ownership by the society in the platform, but not as universally as in the present one. They abandon the objective of a planned socialist economy and in its stead they outline a "planned socialist market economy" in which there would be room for market forces too alongside state management.

In an economic system in keeping with this new objective "production lines" — and apparently other things as well — would be "liquidated." As chairman Kalevi Sorsa let it be understood, in its small enterprise and state companies, workplace democracy, joint-action funds and cooperatives would be recommended.

The new utopia is, however, still unexplained. Nor did the discussion decisively help. It merely scraped the surface of some of the problems, was to some extent limited to what can and what ought to be done. Principles, however, were incapable of arousing any greater interest among congress participants. Conceptual monstrosities and hard-to-understand language, which for good reason alienated some congress participants, undoubtedly caused people to lose interest.

The congress seemed to agree most readily on the fact that there is a lot to be done in the near future. Defects and the fire of ideals were reflected in the large number of initiatives and statements. Positions on some political disputes of current interest were worked out in an indecisive manner. Thus a decision on the construction of a nuclear power plant was left to Parliament. With regard

to the plan to postpone social security reform too, the SDP was careful not to blow too hard on the coals to keep a briefly considered government crisis from flaring up in the Center Party.

On the other hand, the party congress adopted a particularly strong position on constitutional reform. It will have to be gotten before Parliament in short order if we want the government coalition to continue in effect. A week from now the Center Party will at its own party congress have to take a stand on the challenge hurled at its SDP partners in the government while it is still fresh.

It was expected that the party congress would also have had something important to say about the government coalition. There had already been an indication of this in Prime Minister and chairman Kalevi Sorsa's speech, in which he hoped for a compromise policy and a strengthening of cooperation, apparently right down to the Communists, instead of squabbling between the Center and the Left.

The party congress also endorsed a position whereby the party is prepared to extend and expand cooperation to back our foreign policy line and protect social progress and economic development. The government parties and those that want to get into the government reached a conclusion in their concerns about "progress," although the congress did not directly indicate that there were any opposition coalition partners.

11,466
CEO: 3617/175

COUNTRY'S 1983 FOREIGN AID CONTRIBUTIONS REPORTED

Helsinki HUFVUDSTADSBLADET in Swedish 30 May 84 p 16

[Text] Finland's international development aid during 1983 rose to 0.33 percent of the gross national product, according to statistics published on Tuesday. The increase over the preceding year came to 23 percent, since development aid in 1982 amounted to 0.30 percent of the GNP.

Finland provided 854 million marks in development aid in 1983. Multilateral aid came to 40 percent, or 338 million marks. Bilateral aid totaled 516 million marks, or 60 percent of the total.

Kaj Helenius, who has been head of the Department for Development Cooperation for 1 month, says: "Finland's goal is to reach the UN recommendation of 0.7 percent of GNP by the end of the 1980's, within the limits of our financial possibilities."

The biggest single contributions under multilateral aid last year went to the IDA (International Development Association) (89 million marks), the UNDP (UN Development Program) (44 million marks), and various food programs (45 million marks).

Of our bilateral aid, 54 percent went to the project countries. Egypt received 12 million marks, Kenya 37 million marks, Zambia 57 million, Sri Lanka 26 million, Tanzania 105 million, and Vietnam 44 million.

Larger Share for Poorest Countries

The share of bilateral aid going to poor countries rose last year from 71 to 78 percent, while that going to the least developed countries rose from 25 to 35 percent. The government feels that at least 30 percent of the bilateral aid should go to the least developed countries.

Wood processing, agriculture, and communications received a higher share of bilateral aid than in the preceding year. Agriculture, the wood processing industry, and all other industry accounted for 13 percent each of bilateral aid.

Education and health care each received about 5 percent of bilateral aid. In those sectors, most of Finland's aid is provided through UN organizations in the form of multilateral aid.

Development assistance by civic and missionary organizations totaled 90 million marks, for a 30-percent increase over 1982. Missionary organizations provided 56 million marks, while civic organizations provided 34 million marks. Public funds provided 9 million marks for joint development activity by those organizations.

Working Group for Developing Country Research

The Ministry of Foreign Affairs has appointed a working group to report on how Finnish research on developing countries and the training of the researchers involved are organized.

Kai Helenius, head of the Department for Development Cooperation and chairman of the working group, says: "The working group will examine the situation in basic research at the universities and other institutions that are independent of the Foreign Ministry's Department for Development Cooperation."

There have been calls in various connections for better advance planning of Finland's development aid and development projects. The work of the Department for Development Cooperation will not be included in the study by the working group. But Armi Heinonen, division head in the Department for Development Cooperation, says that the working group constitutes an additional means of finding out where the outside experts are.

The working group is to submit recommendations for coordinating Finnish research on developing countries and for financing the activity. The group has until the middle of January to make its report.

11798
CSO: 3650/225

POLL: LABOR PARTY AGAIN OVER FORTY PERCENT

Oslo AFTENPOSTEN in Norwegian 9 Jun 84 p 3

[Article by Egil Sundar]

[Text] The socialist bloc has increased its lead over the three nonsocialist coalition parties. The Labor Party, SV (Socialist Left Party), and the Liberal Party, which comprise the socialist governmental alternative, received 49.4 percent of the voter support in May, while the Conservative Party, the Christian People's Party, and the Center Party received a total of 42 percent. Even if Progressive Party supporters are added to the picture, a socialist election victory still seems to be a real possibility--if the present trend holds, that is. This was indicated by the opinion poll taken by Norsk Opinionsinstitutt for AFTENPOSTEN between 9 and 21 May.

Once again the Labor Party has passed the 40-percent mark, jumping from 38.6 percent in April to 40.3 percent in May. The Socialist Left Party received 5.7 percent compared to 6.2 percent the previous month, while the Liberals received 3.7 percent in May, which was 0.3 percent lower than in April.

On the nonsocialist side, the Conservative Party consolidated its position, receiving 28.5 percent in May compared to 28.4 percent the previous month. Both the Christian People's Party and the Center Party lost ground with 7.8 percent and 5.7 percent, respectively, compared to 8.0 percent and 6.2 percent in April. The Progressive Party registered a slight increase once more: 6.6 percent in May compared to 6.4 percent the previous month.

The gradual climb by the Labor Party during the past 3 months can hardly be attributed to any single cause, even though we indicated previously that the debate over healthcare legislation probably worked to the advantage of the Labor Party. This was confirmed by an opinion poll recently published by AFTENPOSTEN on the new contract for doctors.

Undoubtedly, the concern and feeling of uncertainty caused by the government's social and healthcare policies in general have hurt the government. Crises in various municipalities have had the same result. In order to alter this bleak picture, the government must implement a new and more comprehensive strategy. In other words: the government must take to the offensive, simply stated. It

must improve its ability to sell policies that are understood and accepted as necessary and proper in today's situation.

This will require an extensive campaign, conducted by the government itself, to get information to the people. This must begin as soon as possible and continue in full force up to the parliamentary elections just over 1 year from now. Such an effort must be made now, simply because it is a political necessity.

The signals that have been perceptible in recent opinion polls should be sufficient to make the government act. Prime Minister Kare Willoch probably will take care of this when he returns to work full-time after Whitsuntide.

The Labor Party's new position on security policy is of great importance in evaluating the party's chances in the next elections. Unless this position changes, it will help make the party "acceptable" in an area of vital importance to moderate Social Democratic voters. Whether Gro Harlem Brundtland will be able to maintain this state of relative credibility up to the election remains to be seen. But the fact that the party leader herself has chosen a more responsible security policy position has increased the Labor Party's credibility as a possible ruling party in 1985.

A completely different matter, of at least as much importance in connection with the elections, is whether or not the Labor Party will convince sufficient numbers of voters that a more expansive, inflationary economic policy is correct in the present situation. The main question in this connection is what policies will be best able to secure the welfare state. Of course, the tax question will also be of great interest to the voters.

According to all indications, the parties will make a tremendous effort to mobilize the voters in this election campaign. The struggle for voter support could be more intense than ever before.

Question: If you voted in parliamentary elections tomorrow, which party would you vote for?

	Parl. elections 1981, %	Local elect., 1983, %	<u>1984</u> Jan %	Feb %	Mar %	Apr %	May %
Labor Party (A)	37.1	39.2	39.8	38.6	38.5	38.6	40.3
Liberal People's Party (DLF)	0.6	0.7	0.3	0.1	0.5	0.8	0.7
Progressive Party (FP)	4.5	6.3	7.2	6.0	5.8	6.4	6.6
Conservative Party (H)	31.8	26.2	27.4	29.4	30.3	28.4	28.5
Christian People's Party (KRF)	9.3	8.7	8.7	8.9	8.3	8.0	7.8
Nor. Communist Party (NKP)	0.3	0.4	0.4	0.4	0.2	0.2	0.1
Red Election Alliance (RV)	0.7	1.2	0.7	0.6	0.9	0.5	0.6
Center Party (S)	6.6	7.3	6.0	7.4	6.6	6.4	5.7
Socialist Left Party (SV)	5.0	5.3	5.7	5.5	4.8	6.2	5.4
Liberal Party (V)	3.9	4.4	3.5	3.0	4.0	4.0	3.7
Others	0.2	0.3	0.4	0.1	0.0	0.5	0.5
Total	100.1	100.0	100.1	100.0	99.9	100.0	99.9
A + SV	42.1	44.5	45.5	44.1	43.3	44.8	45.7
H + KRF + S	47.7	42.2	42.1	45.7	45.2	42.8	42.0
A + SV + RV + NKP + V	47.0	46.1	50.1	48.1	48.4	49.5	50.1
H + KRF + S + DLF + FP	42.9	53.6	49.6	51.8	51.5	50.0	49.3

The figures indicate support for the various parties among those who would certainly vote if parliamentary elections were held tomorrow. The respondents were also asked how they voted in the 1981 parliamentary elections. The figures were weighed on the basis of a comparison between the responses to this question and the actual election results in 1981.

The results are based on interviews with 957 qualified voters.

The respondents were interviewed between 9 and 21 May 1984. These figures are being published somewhat later than usual because the information from our pollsters remained at the post office during the strike.

NORSK OPINIONSINSTITUTT A/S

9336

CSO: 3639/124

SOARES, BOTHA DISCUSS VARIOUS SUBJECTS; COMMENTARY

Cahora Bassa Security

Lisbon EXPRESSO in Portuguese 2 Jun 84 p 3

[Excerpt] Security of the Cahora Bassa dam and the situation in Namibia were the main subjects dealt with in the talks Mario Soares held with his South African counterpart, Pieter Botha, during the course of the 2-day visit the latter made to Portugal.

The possibility of extensive material support (weapons and communications) by South Africa to the Mozambican military contingent assigned to guard the Cahora Bassa lines and a possible Portuguese participation in the security plan to be implemented in that zone (with technical personnel) pursuant to the agreement between Mozambique and South Africa subsequent to Nkomati, was, according to what EXPRESSO could learn, the main point discussed by the two government leaders.

Meanwhile, and with respect to this subject, the visit made to Lisbon last Monday by a personal envoy of the Mozambican President has assumed a very important role. Murad Ali Mamadussen met with Ramalho Eanes and Mario Soares, informing the latter on the position of the Samora Machel Government on the creation and maintenance of the security military contingent for the security of the Cahora Bassa Lines.

At the banquet Mario Soares held for Pieter Botha, the Portuguese leader made a veiled criticism of "apartheid" at the same time that he referred to Samora Machel as a "courageous political man."

According to what EXPRESSO has been able to ascertain, the Portuguese Government seeks to project a picture abroad of the Botha visit which is more centered on bilateral agreements (Cahora Bassa and Portuguese emigration in South Africa), minimizing other subjects of greater scope. Meanwhile, in Maputo, the Mozambican press refers only to the visit by the South African leader to Portugal in brief and succinct words, viewing it as "not being deserving of the attention of the common Portuguese citizen."

Portugal as Mediator

Lisbon EXPRESSO in Portuguese 2 Jun 84 p 8

[Editorial: "Soares and Pieter Botha"]

[Text] At the press conference held Wednesday on the occasion of the visit to Lisbon by South African Prime Minister Pieter Botha, a reporter asked Mario Soares whether the invitation to Botha meant that the Portuguese head of government was rejecting his former positions against "apartheid" held in his status as secretary general of the Socialist Party and leader of the Socialist International.

The question basically summarized the criticisms made of Soares by some sectors of opinion, which did not spare him because of the invitation to the South African politician to visit the Portuguese capital.

There is a mistake here, however.

One thing are the positions assumed by a politician in his status as a party leader; another are the positions he assumes as a government leader.

Indeed, a political party and a party leader have the right to deal with whom-ever they please and to seek friends with whom they agree; a government and a head of government, however, have the duty to select their relationships on the international plane, not in terms of political friendships or the families to which they belong, but in terms of the interests of the states they represent.

The question posed by the reporter, therefore, makes no sense.

But it leads to another: To what extent is the invitation to Pieter Botha and his visit to Portugal of interest to the Portuguese State?

We think that here is where the government could only follow one of two paths: It either lines up completely and absolutely on the side of the former colonies of Angola and Mozambique and maintains an openly hostile attitude toward South Africa, or--a second alternative--seeks to assume the role of mediator in the conflict of southern African, which would imply a rapprochement to the South Africans.

The first position would be hardly tenable.

In fact, if Samora Machel and Jose Eduardo dos Santos were to accept negotiations with the government of Pieter Botha, it would not be perceived that Portugal, which has historically played an important role in the region, would maintain a position of complete unavailability for dialogue with South Africa, which would close the doors to its more active intervention in that zone.

The second position appears to be, therefore, the most correct.

By inviting Botha to visit Lisbon Soares took an important step, which perhaps will allow Portugal to become a privileged moderator between the governments of Mozambique and Angola and South Africa.

If the Portuguese Government had not taken that step, others probably would have, and Portugal would have probably seen itself forever distanced from a theater, where because of the knowledge it has in the area, could perform an important function.

Moreover, for Mozambique and Angola the role which Portugal can play as mediator and moderator between them and South Africa may at this moment be more important than the moral support (necessarily platonic) it may give them in the fight against "apartheid," by rejecting any relations with the (racist) regime of Pretoria.

8908

CS0: 3542/50

PCP LEADER COMMENTS ON NATIONAL SALVATION GOVERNMENT

Brito Interview

Lisbon DIARIO DE NOTICIAS in Portuguese 13 Jun 84 p 2

[Interview with PCP leader Carlos Brito, by J. Fragosa Mendez; date and location not specified]

[Excerpts] DIARIO DE NOTICIAS: After the passage of the vote of confidence in the government by the Assembly of the Republic, what do you think of the likely change in the political situation from a short-medium term standpoint?

Carlos Brito: The vote of confidence is of no use. It did not change the course of events at all. It was an episode in the internal struggle under way in the coalition and the government, which only offered the vote of confidence because it was unable to carry out the revamping of the ministries. The motion was offered, at we said at the time, so that the government might justify and legitimately attempt to continue. Rather than correcting possible weaknesses in the coalition, I think that the episode of the vote of confidence will make those weaknesses even more public and obvious.

DN: But do you think that the government will fall?

CB: This government is not in a position to survive, first because it has a large part of the country against it, since it is incapable of providing a solution for the problems, and the situation is becoming more grievous every day (both from an economic standpoint, and from a social and even political standpoint); and then because, as a result of all this, the contradictions, the internal struggles and the rivalries among its members and inside the coalition parties will become more marked.

Government of Salvation

DN: Based upon the principle that it will fall, what is the concrete alternative in the current party context?

CB: Several months ago, at the time of our congress, we put forth an idea that has meanwhile acquired great force and timeliness: It was the proposal for a Democratic Government of National Salvation. We think that this would be a

good response. It would be an emergency government, not to last 4 years, but rather to address an extremely serious, tragic situation of very deep crisis, in which our country is submerged. It would not be comprised of a partisan base and, for its formation, there would have to be a pooling of efforts of all democrats and all patriots who want to become engaged in a mutual endeavor to offer a solution for the dreadful problems confronting the country. We are available to discuss, with the other political forces and with individual democrats, the manner of its institutional materialization.

DN: Do you think that that government, apart from the partisan context, would have enough strength to adopt the measures that the PCP deems necessary for resolving the situation that the country is undergoing?

CB: In politics, it is impossible to foresee everything. I shall give you an example: The government of Maria de Lourdes Pintasilgo (let it be made clear that this does not mean that our proposal has any connection with the government of engineer Lourdes Pintasilgo, either with respect to form or to substance) was also a rather unexpected solution; because it had parliamentary investiture with opposing votes from PSD [Social Democratic Party] and CDS [Social Democratic Center Party], and abstention by PCP and PS [Socialist Party]. It was voted on favorably only by a group of independent deputies, PSD dissidents.

DN: But a government of the type you advocate necessarily requires a large amount of support in Parliament, doesn't it?

CB: I don't know whether it would be large or small. We have put forth the idea and we say that we are willing to consider it.

We Are Not Setting Up Frontiers

DN: All the people....In the current party context, how far would that "all the people" extend?

CB: We shall see which voices express approval or merely interest. That does not depend on us. We are not setting up frontiers at the outset.

DN: Then you agree that this "Government of Salvation" might include members of CDS, for example?

CB: We state in our proposal "all democrats and patriots who want to engage in a solution for the national problems." Hence, we shall listen to spokesmen, heed the limits that they are considering and see what the possible combination would be to lend shape to a government such as this. We have been saying this since December but, at the present time, the situation has made it even more necessary and urgent to have a government response such as the one we propose. If we had been heeded 6 months ago, we would not have arrived at this situation.

DN: But are there no other alternatives for the PCP?

CB: Obviously, the situation entails the possibility of other alternatives. This has become constantly more evident. There are increasingly more forces which see no solution in this government and which are beginning to consider other hypotheses. We are quite convinced that there are other possibilities, but this appears to us to be a very concrete one, very much geared to the situation. In our opinion, such a government would be founded upon a program that would have to uphold four main ideas: ensuring jobs and paying wages, impeding the constant hike in prices and the deterioration of living conditions; dynamizing industrial and agricultural production and all national economic activities; ensuring respect for the Constitution and for the freedoms and rights of the citizens, through legality and democratic order; and, finally, ensuring national independence, security and the country's future.

Being Democratic Is Proven In Concrete Action

DN: PCP has quite often cited the "totalitarian temptations" of Dr Mario Soares, a man with a past of struggle on behalf of democracy. Do you think this of the present prime minister or is this just an assertion linked with the challenge to the government that he heads?

CB: I think that those totalitarian temptations are obvious. We even believe in them. The internal security law and the other repressive laws, as well as certain provocations aimed at our party have that quality, and point in that direction.

DN: Do you think that the possible advent of a new party will be able to help in any way to form a front of democrats promoting such a Government of Salvation?

CB: At the PCP's 10th Congress, we made a thorough analysis of the Portuguese party situation, and we underscored the lack of correspondence between the parties currently in existence, particularly among certain areas of the electorate, and our country's social reality. We also stressed the presence of a party vacuum, noting that the filling of that vacuum could benefit Portuguese democracy. We still think so, because during the past 6 months no new events have occurred that deserve any other comment. As for the Democratic Government of National Salvation, we do not regard the advent of a new party as essential. That government could continue on without any changes in the present partisan context.

Brito Protest

Lisbon DIARIO DE NOTICIAS in Portuguese 16 Jun 84 p 6

[Text] The letter which we reprint below in its entirety was received by us from the leader of the Portuguese Communist Party's parliamentary group, addressed to our editor:

"In the very summary published at the beginning of the interview, for which your newspaper is exclusively responsible, there is an attempt to draw

inferences which are by no means contained in my remarks (and which the journalist appeared to have noticed); because I always talked about a non-partisan government established by democrats, which obviously would exclude CDS.

"I do not wish to think that DIARIO DE NOTICIAS could have had no intention other than achieving some kind of sensationalism and a certain journalistic impact. However, this was done with little insight and with a distortion of the meaning of my statements; possibly leading the public into error and contributing to a confusion of the political debate that is under way regarding the foreseeable fall and replacement of the present government.

"For all these reasons, it will be understood why I demand the publication of this protest of mine, so that the whole truth may be restored in the interests of Portuguese democracy.

"I regret having to write to you to protest against the headlines that DIARIO DE NOTICIAS selected for the interview held with me by the journalist Fragoza Mendez, which was published in your issue of 13 June of this year.

"The headlines on the first and second pages are obviously abusive, and could lead readers to completely erroneous conclusions regarding the content of my statements on the nature of the Democratic Government of National Salvation as an alternative to the present government, proposed by my party.

"In fact, I clearly stated, as shown in the text, that the Democratic Government of National Salvation proposed by us 'would not be established on a partisan base.' I also explained, in reply to a question as to whether we would agree 'to the inclusion of CDS members, for example,' that in our proposal, we stated 'all democrats and patriots.' Finally, I underscored the importance of having the program provided for a government such as this, and I cited four main lines for that program: ensuring jobs and the payment of wages, and impeding the constant hike in prices and deterioration of living conditions; dynamizing industrial and agricultural production and all the national economic activities; ensuring respect for the Constitution, for the freedoms and rights of the citizens and for legality and democratic order; and ensuring national independence, security and the country's future.

"I don't know how, in view of all this, it was possible for DIARIO DE NOTICIAS to find that 'PCP extends Government of Salvation even to CDS,' as it says on the first page; or that 'Communists do not exclude CDS from a Government of National Salvation,' as they note on the second page; things that, as may be read, are completely missing from my responses."

Editor's Note: In addition to the response that this letter may evoke from the writer, Fragoza Mendes, who is absent for the present, the following explanation is given now:

The headlines on the first and second pages are not "obviously abusive," and if perchance they "lead readers to completely erroneous conclusions," the blame is exclusively that of the honorable Deputy Carlos Brito. In fact (as may be

readily observed from a reading of the interview in question), when asked to state the extent to which, in the present party context, "all the people" would be eligible to form a government of national salvation, from the PCP's standpoint, the honorable Deputy Carlos Brito replied: "We shall see which voices express approval or merely interest. That does not depend on us. We are not setting up frontiers at the outset (*italics ours*).". The reporter pressed: "Then you agree that this 'government of salvation' might include members of CDS, for example?" The response from Carlos Brito: "We state in our proposal 'all democrats and patriots who want to engage in a solution for the national problems.' Hence, we shall listen to spokesmen, heed the limits that they are considering and see what the possible combination would be to lend shape to a government such as this (...)." In view of this reply, it seems quite reasonable to us to use a headline, as DN did, saying "Communists do not exclude CDS from a government of national salvation."

The honorable Deputy Carlos Brito wants his response to suggest the opposite of what has been suggested, because CDS is "obviously excluded" from the gamut of "democrats and patriots." This desire at least allows him to return to the charges of "little insight" and "contributing to confusion of the political debate." It is actually recommended that there be a sacrifice of clarity of the language for discursive ambiguity for internal and external consumption.

2909

CSO: 3542/64

PS SIGNS COOPERATION AGREEMENT WITH FRELIMO

Lisbon DIARIO DE NOTICIAS in Portuguese 17 Jun 84 p 5

[Excerpts] An official agreement on cooperation was signed between the Socialist Party [PS] and FRELIMO [Mozambique Liberation Front], in effect for 4 years and tacitly renewable provided it has not been cancelled by one of the parties.

The two parties call for the signing of protocols mutually agreed upon for a certain duration, which will determine concrete action, ways and means for implementing the agreement.

Rui Mateus (representing PS) and Joaquim Chissano (representing FRELIMO) were the two negotiators assigned to the preparation and final signing of the document, and the PS leader even remarked that the Mozambican party had managed to neutralize "all the pressure from the standpoint of confusing the condemnation of apartheid with East-West tensions."

In a dispatch from Maputo, the journalist Manuel Ferreira (of NP) noted, in connection with this PS success in African relations, after giving a reminder that a minor incident between FRELIMO and the Portuguese Communists might have upset Portuguese-Mozambican relations, with the PCP [Portuguese Communist Party] lashing out in particularly virulent terms against the government action of the Socialist Party, that the Mozambicans did not like this "washing of dirty linen outside the gates" on the PCP's part, through statements ascribed to Sergio Vilar [rest of name illegible].

The agreement on cooperation between PS and FRELIMO is described in 10 articles, all aimed toward an intensification of the reciprocity of experiences and consultations, from areas indirectly associated with that of political philosophy to concrete international issues.

Bilateral initiatives are planned soon between the two parties, which pledged to foster relations on the various levels in areas of mutual concern, as well as developing cultural, economic and political relations between Portugal and Mozambique.

But Rui Mateus, still in Maputo, noted in this connection that PS is by no means seeking to substitute for the state in the relations that should exist between states.

2909

CSO: 3542/64

MDP SEEKS TO CAST OFF IMAGE OF PCP SATELLITE

Lisbon EXPRESSO in Portuguese 2 Jun 84 pp 24R-25R

[Article by Julio Pinto: "MDP: The Difficult Assertion of an Identity"]

[Text] "The time has come for our party to assert itself as such," proclaims the MDP/CDE [Portuguese Democratic Movement/Democratic Electoral Commission] party organization of Evora in the motion it presents to the V Congress of the organization as an alternative to that of the National Secretariat.

The phrase by the militants from Alentejo poses the main question of this congress of "intensification of strategy" which appeared yesterday in the VOZ DO OPERARIO: The assertion of its own identity and complete autonomy by the MDP.

Founded as a party in 1974 and with roots in the movement of the CDE's of 1969, the MDP is considered by other political forces as a simple "satellite" of the PCP [Portuguese Communist Party].

Several factors contributed toward that accusation: communist militants remained in its leadership bodies after the creation of the party. The frequent adoption of positions which coincided with those of the PPC, its "extinguishment" within the APU [United Peoples Alliance], particularly with respect to independence, and the behavior of the PCP itself towards a coalition partner.

The Evora party organization does not avoid the debate on the image of the party. "Since 1975," it declares, "the MDP/CDE has not presented itself to the Portuguese voters as an independent party with its own program and its own slates. Likewise, since 1975 our party has been the object of slanderous campaigns, which have implanted among the Portuguese people the idea that we are nothing more than a part of another political party."

"Uncooperative Behavior of the PCP"

It emphasizes: "In the policy of alliances followed, meanwhile, the behavior of our ally was not always in the sense of denying the slanders of which we were the object. On the contrary, on many occasions it accepted or even encouraged the identification of an alliance with itself."

The Evora party organization, therefore, proposes that in the coming legislative elections the MDP should "present itself to the voters as an independent party with its own slates, except if the circumstances of the moment justify alliances with other democratic forces."

The National Secretariat has a different position, viewing the APU as "the organizational form of a possible unity" and "the surest form, without risky organizational costs, of the MDP/CDE finding itself represented in the central government at the level of the Assembly of the Republic."

The Secretariat also says in its original theory on the policy of alliances that "the role of the APU has been openly positive for the local democratic government" and that the coalition "has shown a positive result up to now for the two parties which make it up."

It does not fail, however, to refer to the difficulties of the relationship between the PCP and the MDP with respect to local governments, in which there are "contradictions and tensions and many times the difficulties result from an uncooperative behavior of the PCP in which there is no concern for creating the necessary climate for a relationship between political allies."

The organization of Teachers of Lisbon, in turn admits that the creation of the APU resulted in "political costs which must be taken into consideration, primarily with respect to the erosion of the image of the MDP/CDE among certain sectors of the population," although it adds that "some steps have been taken in the direction of asserting the MDP/CDE's own identity and its specific role in Parliament."

"Frustration of the Militants"

The same organization criticizes the agreement with the PCP which led to the election in the last legislative elections of a small group of MDP legislators who did not respond "to the desires of the militants and sympathizers, nor to their real implantation on a national level."

"Such a situation," it emphasizes, "which meant a natural frustration and disenchantment in the rank and file of the party, with noticeable effects throughout the organization, should be pondered in all its implications in future alliances."

The MDP parliamentary group now consists of three deputies, Attorney Antonio Taborda, psychology professor Helena Cidade Moura and journalist Joao Corregedor da Fonseca.

"Antonio Taborda says: "It is an absolutely insufficient number, which aroused great arguments throughout the party. The great majority of the militants, we are speaking of 90 percent of them, disagreed with the agreement which led to the election of only three deputies."

As far as this leader is concerned: "The functional minimum is five deputies and the minimum of minimums is four." Even so, with three deputies, the MDP presented 12 law bills, produced 10 political statements and made an official inquiry of the government on energy policy during the present legislature.

Antonio Taborda and Helena Cidade Moura emphasize the "autonomy" of the work of the legislative group with respect to the PCP and they call attention to the "frequent lack of agreement on votes and particularly on the basis for votes between the two parties."

The legislative group points to "the extreme dispersion of votes" of the MDP as a factor which led it to "join in coalitions" and it quotes numbers: "In 1975 we ran by ourselves and we obtained 236,318 votes, half the number obtained by the CDS, and we elected only five deputies, while the CDS elected 16."

Helena Cidade Moura declares, however, that nonparticipation by the party in the 1976 legislative elections was "a total absurdity, a hasty decision by the National Commission," which led to a decline.

Today the MDP believes that there are conditions for its growth as an "open party, the advocate of "a socialist democracy" based "on party pluralism and a growing participation by the people in democratic life" to be reached "by peaceful means."

Helena Cidade Moura says in that respect: "Formalism and the extreme proliferation of parties which have existed in Portugal are beginning to be placed on trial."

Antonio Taborda says: "There is an identity crisis, a crisis of values which come from the end of the 19th Century and the beginning of the 20th Century. The traditional parties are still tied to 'slogans' which come from the first industrial revolution at a time when we are on the third..."

"Our program," he adds, "is vague with respect to traditional stereotypes, which makes it easier to find new party forms and new models of society."

Proudhon, Christ, Gramsci...

Helena Cidade Moura says: "In our leadership it is possible to find the most different persons from an ideological point of view. From Proudhon to Garaudy," she says, "my thinking consists of several influences, particularly that of Jesus Christ. I am a Catholic and I continue to believe that Christ was the greatest thinker."

Antonio Taborda adds two names important to him: Antonio Gramsci and Thomas Mann. As far as Marx is concerned, he says: "Obviously, yes, but more as a working instrument than as an ideological source."

The MDP, which refuses the status of a "vanguard" or "class" party, therefore has no rigid ideological points of reference common to all its leaders and members.

Will the MDP be capable of carrying this discourse to the final consequences, conditioned as it is by its public image, by the fluidity of the organization and by the one-sided agreements with the PCP?

"A Little Attended Party..."

"We are not a little party. We are a large party which is little attended..." The (ironic) statement was made by Helena Cidade Moura, according to which the MDP at this time has nearly 12,000 members "with their situation in order," and another 3,000 "who attend meetings although they do not pay dues.

"In our party," she adds, "there is a fluid state of members and independents, which makes it difficult to put forth fixed numbers."

The MDP has 600 elected in the local government bodies, a president of a Chamber, and three deputies in the Assembly of the Republic. It maintains 80 locals in operation and had another 18 destroyed by terrorism in 1975.

With respect to its social composition, it contains 34 percent "service workers," 25 percent "upper-level technical personnel (60 percent of whom are teachers), 22 percent industrial and agricultural laborers and 10 percent "businessmen and industrialists."

Antonio Galhordas, vice president of the MDP, describes it as "a party of middle strata, with a predominance of service workers and many small and middle-level property owners."

With its transformation into a party, the old MDP/CDE "resistance front," however, lost many followers. From the extinct MES [Movement of the Socialist Left] to the PSD /Social Democratic Party/, passing through the PS [Socialist Party] and the PCP, several political organizations contributed to the "bleeding" of the MDP, which in the only legislative elections it participated in by itself, obtained 4.14 percent of the total votes.

Eanes Party: Neither Pro nor Contra

"We are neither pro nor contra," declares Antonio Galhordas with respect to the possible creation of a Eanes party. "We will not promote it nor will we harass it. If it appears, we are perfectly open to a dialogue with it."

For this MDP leader "It is necessary to distinguish between a policy of alliances and a policy of electoral coalitions, which is only one of the aspects, although important, of the former."

The new party, therefore, would fit into "the strategy of a great opening" in the "policy of democratic convergence," advocated by the MDP/CDE.

Antonio Taborda and Helena Cidade Moura say the same, they do not appear worried about a possible filling of their party space by a Eanes organization.

"It would be extremely easy for the MDP," says Antonio Taborda, "if it were an opportunistic party, to make a small turn, a small veer to the right, which could bring in persons of a new party...But we will not do that."

The Evora party organization for its part disputes the need for a new political formation "as a catalyst of the dissatisfied and undecided classes of the Portuguese population."

It emphasizes: "We believe that such a role could be played by the MDP/CDE provided it manages to transmit and explain its political plan with vigor."

8908

CSO: 3542/50

POLL ON GOVERNMENT RESHUFFLE POINTS TO VOTER APATHY

Lisbon O JORNAL in Portuguese 25 May 84 p 4

[Article by J.S.P.]

[Text] According to a poll conducted by Marktest for O JORNAL, of every 4 Portuguese over 18 years of age only 1 finds that a cabinet reshuffle will be able to improve the government of the country, while 2 voters believe that everything will remain the same.

In more detail, according to the results of the poll conducted between 4 and 11 May, covering 475 persons in 16 localities with over 10,000 inhabitants, optimism regarding the effects of a reshuffle of the executive is expressed by 24 percent of the persons questioned, while 47 percent said that they believe that nothing will change substantially, and 29 percent preferred not to express an opinion.

The results show that, strangely, among the voters of the PSD [Social Democratic Party] and the APU [alliance of the United People], one finds a relatively larger number of "Optimists": 28 percent of the social-democratic voters and 27 percent of those who expressed preference for the APU, admit that there has been an improvement in the government since the changes in the government team. This opinion is less prevalent among voters of the PS [Socialist Party] [23 percent] and the CDS [Social Democratic Center Party] (24 percent).

The opinion that everything will remain the same is shared by almost half of the voters of the PS (49 percent) and the CDS (49 percent). Among members of the PSD and APU this opinion is shared by 29 and 28 percent respectively.

Asked in what ministries or government departments a "shake-up" is most called for, the Ministry of Education was the most often mentioned, followed at some distance by the Ministry of Health. The department now headed by Jose August Seabra was the most cited because of matters having to do with the amount of criticism and because of the urgent need to replace the minister.

In the second place, in matters dealing with the need for changes, somewhat surprisingly, was the Ministry of Health, followed by the ministries of labor and finance and planning.

The ministries or departments least criticized were those of industry and foreign affairs, with 1 percent, the same as in the case of the prime minister.

The replacement of the entire executive was, however, called for by 9 percent of the persons questioned.

In reviewing the results according to electoral preference of each person questioned, it can be seen that the minister of finance and planning is relatively well considered by the followers of the PS (only 9 percent called for his replacement), while the minister of labor has few critics among the voters of the CDS (only 5 percent believe that it is necessary to replace him).

WHAT MINISTRIES SHOULD BE REORGANIZED

Vertical percentages*

Education	30
Health	20
Finance-Planning	15
Entire government	12
Social Affairs	9
Agriculture	9
Justice	7
Internal Administration	5
Quality of Life	4
Sea	3
Defense	2
Culture	2
Social Community	2
Foreign Affairs	1
Industry	1
Prime Minister	1

*Each person interviewed could refer to one or more ministries and for this reason the sum of the percentages shown is higher than 100 percent.

ALMOST HALF SAY THAT EVERYTHING WILL REMAIN THE SAME

Vertical percentages

Reform of Government will produce better government

Previous Vote for AR

	<u>Total</u>	<u>PS</u>	<u>PSD</u>	<u>APU</u>	<u>CDS</u>
...better	24	23	27	27	24
...the same	47	44	44	45	48
...no opinion	29	28	29	28	28

MINISTRY OF EDUCATION THE MOST CRITICIZED

Vertical Percentages

Previous Vote for AR

<u>Ministry</u>	<u>Total</u>	<u>PS</u>	<u>PSD</u>	<u>APU</u>	<u>CDS</u>
Education	30	33	34	42	29
Health	20	20	18	36	22
Labor	15	16	16	22	5
Finance and Planning	12	9	14	27	15

Technical information:

The present study is representative of the population on the continent with electoral capacity (over 18 years of age) resident in localities of over 10,000 inhabitants.

Some 475 persons were interviewed in 16 localities during the week of 4 to 11 May.

Selection of individuals to be interviewed was made by the method of quotas, using sex, age and region as variables of control.

The extrapolation of the results for the total was made having in mind the coefficient of opinion at the level of each region.

In dealing with the results the process of mobile average of the past 2 months was used, that is, the values of February are the result of the average of the values of January/February; March values are the average of the February/March values, and so on. With this method attempt is made to correct possible errors and to give greater consistency to the results. (Process used only in the permanent portion).

For the total of the sample, maximum error is 4.5 percent (95 percent probability).

Journalistic treatment of the results is responsibility of O JORNAL.

11635

CSO: 3542/42

RUI MACHETE: PROSPECTS FOR SUCCEEDING MOTA PINTO

Lisbon O DIABO in Portuguese 29 May 84 p 2

[Article by Jose Miguel Judice in 'The Human Factor' column: "Rui Machek Prepares for the Succession"]

[Text] If this column were entitled "The Man of the Week," this time it would certainly be devoted to Rui Machete. Since it is "The Human Factor," it will still do so, although for different reasons or perhaps from another perspective. The first National Council meeting of the PSD [Social Democratic Party] since the Braga congress will be held next weekend and after 2 months probably no one has any doubts that Mota Pinto's "grace period" (as it is called in French) has reached a turning point. And it is probably not accidental that his first vice president has entered the limelight in a kind of rising crescendo, which has become so obvious that it even constitutes the main news item in the latest edition of EXPRESSO (although it did not merit the distinction of a photograph).

Sa Carneiro's former right arm and, more than that, his great personal friend, Rui Machete has since passed into a state of quasi-dissidence, in which he merely repeats what was so well-known that it has become commonplace. However, he was one of those who did not leave the party and his relative effacement began to take shape when he became Soares Carneiro's Lisbon district representative, thus becoming a part of the group that Sa Carneiro managed to bring together again through his presidential candidacy. The defeat of the AD's [Democratic Alliance] candidate and the death of Sa Carneiro did not result in any rapid change in the reestablishment of leadership positions. On the contrary, it delayed it, in that it only repeated what happened to others.

But Balsemao's removal and replacement by Mota Pinto was an opportunity for the then administrator of the Bank of Portugal to return to politics, this time through the prestigious post of minister of justice. Machete's profile is, moreover, much more that of a "government clerk" than that of a militant. He is not a technocrat and his political education is above average, but he is a bit distant, perhaps shy, definitely possessing a certain degree of snobism and a concern for intellectual strictness, which has made him a politician who is not very capable of arousing enthusiastic emotions and support while simultaneously obtaining smooth and rapid acceptance.

Machete returned to government and his visible participation in the party was almost nil until the Braga congress began. He did not spurn some choice contacts, mainly by devoting attention to the then so-called "Group of Lisbon," which only Angelo Correia followed to the same level, perhaps because he was a different "Mota-Pintoist" with more political sensitivity. In Braga, however, Machete emerged as a winner, although not too much notice was taken of that result, in which respect he was also just running true to form. And a new stage began in which he began to take sides with a completely different kind of intensity.

And thus it was that he gradually filled Mota Pinto's party leadership void: it was noted that he invited Joao Salgueiro and Marcelo Rebelo de Sousa to attend publicly announced meetings, that he took part in the tribute to Antonio Capucho, after having presided--probably with Mota Pinto's prior approval--over a PSD Political Committee meeting deliberately described as a protest against the PS [Socialist Party]. Now that the National Council has reached a rapprochement, he has completed preparations for a government reorganization plan and has let it be known that he would not be interested in remaining in the government unless the basic reforms which the PSL--which is united in this regard, despite some hurt feelings--has demanded (with meager results) are carried out.

If we add to these facts some others, the only possible conclusion is that Rui Machete is making preparations to become Mota Pinto's successor, through a consensual process requiring his increased presence in Buenos Aires or, if necessary, against Mota Pinto himself. And if he were to oppose Mota Pinto, it would be as an alternative substitute or as a natural substitute at the time of the next congress or when Mota Pinto possibly cannot get out of heading the government in order to give Soares time to get the presidential election campaign fully underway.

The move is intelligent and no one can doubt that it has certain chances for success, not the least of which is the fact that Rui Machete may be viewed as the least negative solution of all in the PSD. For Mota Pinto, if he had to step down, Machete would be a relatively trustworthy man and one with personal ties. For Rebelo de Sousa, it would be a temporary solution that would make it unnecessary to reach the summit too early. For Joao Salgueiro, it would be a solution that would eliminate the risk of his having to fight for the top position against his natural faction, thus making no progress. For Capucho, it would perhaps be a clever way of making his return possible without alienating anyone in particular.

But the chances for success also have their limitations. There is the presidential issue (which would divide the PSD along lines that would perhaps prevent him from achieving a consensus for assuming the party's leadership) and there is the decision of Mota Pinto (who may perhaps also prefer to end the government's instability and insecurity in favor of the safe position of becoming the remobilizer of the PSD's forces, for the PS if necessary), and there is the difficulty of obtaining the approval of the "New Hope" group and of the "Mota-Amaralists" (or, increasingly, the "Capuchists"...) without running the risk of not gaining adequate support for the real ambition.

Unless Rui Machete aspires or must aspire to something else: being the PSD's prime minister during the presidential campaign of Soares (now that it has become clear that Soares will not accept any other PSD candidate who is not Soares himself) or being the deputy prime minister in 8 months if Soares has no alternative other than to reject the candidacy. Be that as it may, it is certain that under such circumstances the PSD's development would particularly require Rui Machete. His actions, his way of relating, his way of participating will determine his success or failure. As always, everything ultimately depends on the human factor.

11915

CSO: 3542/40

EANES DECORATED BY PRO-SOVIET FRIENDSHIP ASSOCIATION

Lisbon O DIABO in Portuguese 29 May 84 p 9

[Text] The president of the republic, General Eanes, was one of seven persons decorated by the Portugal-USSR Friendship Association with a medal commemorating that pro-Soviet organization's 10 years of existence.

This was announced on Friday during a ceremony to commemorate the 10th anniversary of the aforementioned association. Its main leader, Rui Luis Gomes, presided over the ceremony.

Also receiving the same decoration for their genuine friendship to the USSR, if not their total and primary dedication to serving Moscow's strategy and aims, were Rui Luis Gomes himself, Costa Gomes, Vasco Goncalves, Lopes Graca, Jose Gomes Ferreira and, posthumously, Maria Lamas.

Georgi Ivanov, chairman of the USSR-Portugal Friendship Association, whose relations with the KGB [Committee for State Security] are well known, and communist playwright Luis Francisco Rebelo spoke during the ceremony.

With regard, although "indirectly," to the enormous discretion, if not the total silence, maintained by a good part of the Portuguese media concerning the decoration awarded to General Eanes by the Portugal-USSR Friendship Association, this fact was also omitted by the president's usual eulogists, who normally overlook nothing that concerns Belem.

It is reasonable to ask whether the awarding of such a decoration, even for "ex aequo" performance with some of the defenders of militant Sovietism in our country, could now constitute a compromising (or demystifying) factor for our current president....

11915

CSO: 3542/40

POLLS SHOW QUALIFIED APPROVAL OF INTELLIGENCE SERVICE

Lisbon 0 JORNAL in Portuguese 25 May 84 p 6

[Article by J.S.P.]

[Text] Perhaps the country needs an information organization able to prevent attacks against democracy; however officials in charge of this task should not be authorized to interfere in the private life of citizens.

Briefly, this seems to be the attitude of Portuguese urban voters toward the announced creation of a National Information Service, already approved by the Parliament and whose rules are now being established.

According to the results of a Marktest/0 JORNAL poll conducted between 4 and 11 May, about half of the persons interviewed were in agreement with the plan to establish an organization for collecting information, 51 percent expressing agreement with the need to create a service of this type.

When asked about the six powers that are to be a part of the service to be created with the approval of the Parliament, the majority of those interviewed agreed with the need to investigate illegal activities against the external security of the state (57 percent) or against the democratic regime (54 percent).

On the other hand, an overwhelming majority rejected the hypothesis of the National Information Service to carry out activities such as investigation of private lives of citizens (80 percent) namely through opening of personal mail (90 percent against) or telephone taps (86 percent against).

Relatively less sharp but even so very strong, was the rejection of the new service to have the power of making arrests: 64 percent said "no" while 25 percent were in favor.

Voters most aware of the need to defend the regime and the state through a National Information Service are members of the PSD [Social Democratic Party] and the CES [Social Democratic Center Party], while followers of the PS [Socialist Party] and the APU [expansion unknown] are relatively more reticent on the matter.

As to the opposition to opening of mail, the most critical are the voters of the APU but the differences among the followers of the other parties are not significant.

Regarding the power to make arrests, the most evident rejection is that of socialist voters, while the PSD, CDS and APU appear to be relatively less opposed to this possibility.

In sum, what the voters seem to want to say is that the state and democracy should be defended without, however, placing telephones under surveillance or opening private correspondence. As to arrests, perhaps yes, but be careful...



KEY:

- (1) To investigate illegal activities...
- (2) ...against the democratic regime?
- (3) ...against external security of the state?
- (4) Yes.
- (5) ...without interference in the private life of citizens.
- (6) Information Service must defend the state and democracy...
- (7) Investigate private life of citizens?
- (8) Make arrests?
- (9) Tap telephones?
- (10) Open mail?
- (11) No.

PSD NATIONAL COUNCIL CENSURES MOTA PINTO FACTION

Lisbon A TARDE in Portuguese 8 Jun 84 p 7

[Commentary by Pedro Santana Lopes: "The Reasons for the Revolt"]

[Excerpts] It should not be thought that those who approved the harsh censure of Mota Pinto and his collaborators at the last National Council meeting of the PSD [Social Democratic Party] took pleasure in it.

Only one without a conscience or a totalitarian could be pleased with the aggravation of a situation which has already in itself deteriorated.

It is known that many Portuguese citizens disagree sharply with clashes among politicians at a time when the entire capacity existing for rallying efforts is limited.

Only there are times when silence means complicity with what is happening, on the one hand, while on the other it becomes desirable for officials to listen to some truths in order to "reach agreement" and properly to carry out the tasks assigned to them.

No one will deny that the reorganization spectacle was depressing. No one will dispute that the blame for the instability falls primarily to the government itself and the top-level leaders in both parties. No one will deny that the continuation of such a process would inevitably lead to the fall of the regime.

For this very reason, it is not possible to avoid externalizing the rebellion sensed. For this very reason it was necessary to speak of the lack of direction on the part of the state, of the similarity of Mota Pinto's progress and that of the former leader of the PSD, in giving excessive value to the formal to the detriment of the basic, in careerism and opportunism, in the "claustrophobia" leading to travel, in the lack of a national program, in the lack of explanations of the economic situation, in the weakness of a team which just 2 short months ago won at the Braga Congress and which is now beginning to disintegrate.

What concerns and motivates us is the need to guarantee that we can continue to live in freedom and succeed in treading the path of minimal development (European, and not that of other gangs).

For this very reason, we appeal to higher feelings, to dignity, to a sense of responsibility. Matters of state can only be dealt with in this way, or the institutions, and specifically governments, even if supported by the largest majorities, will lose solidity and credibility.

COST OF PS-PSD COOPERATION TERMED HIGH

Lisbon EXPRESSO in Portuguese 9 Jun 84 pp 17R-18R

[Article by Maria Joao Avillez: "PS/PSD: Who Will Pay the Bill?"]

[Text] Countdown for Mota Pinto

"Don't complain about us, but rather about those who do not defend you!" This was the comment hurled (but not reported) by Pedro Santana Lopes at Mota Pinto during the National Council meeting of the Social Democrats which was held last weekend.

The tone was set. After the 48-hour period experienced by tens of National Council members of the PSD [Social Democratic Party] in a room in a Lisbon hotel, nothing was as it had been before.

In other words, the irreversible decline of Mota Pinto had begun. The good intentions at Braga seemed to be vanishing at speed, so different was the position and the lack of conviction on the part of the Mota Pinto faction, which outdid itself, to the surprise even of its most hostile adversaries.

"This council meeting revealed a new factor in connection with the Braga Congress. It was demonstrated that Mota Pinto lacks any organized and consistent sensitivity. In Braga just a few short months ago there were supporters of the vice prime minister who voted according to his wishes, on written instructions and with consistent behavior," Antonio Capucho said. "This time, the Mota Pinto majority did not rally to the defense of the leader. There were even some of his supporters who yielded time to other factions, and who were on the point of making the harshest criticisms of the present political leadership of the PSD."

Useless and Scattered Memories

Yet another "new factor" was also to be mentioned to us by a large number of the participants in this meeting of the social democrats: the verbal violence, the open hostility expressed by Mota Pinto during the various speeches made. "Politically, this was the harshest of the council meetings I have attended," one of the participants commented late Sunday evening.

And another said: "Never, in the course of his political agony, did Balsemao hear such things as Mota Pinto has here in these past 2 days."

The truth is that the address delivered by the Social Democratic leader did not leave room for disagreement or mitigating or alleviating antagonisms. "Empty, unfortunate, vague, lacking direction, confused, without future perspective"--these were some of the terms used by one or more of the three factions present there--the Mota Amaral group, the Rebelo de Sousa faction and the "self-styled" supporters of Mota Pinto--in speaking to us of the form and content of the speech by the president of the PSD.

Speaking without the aid of a written text, and referring only to a small school notebook, Mota Pinto spent a good many minutes explaining "the reorganization which did not occur, in absurd fashion," wandered into "useless and scattered memories" about the imperatives which underlay the formation of the Central Bloc, finally stressing "the need to implement structural measures," emphatically suggesting that what is needed is a "full halt."

The Honor of the Establishment

Only Rui Machete and Alvaro Barreto were to save the honor of the establishment.

The former, rising above the delicacy of his own personal position "skillfully" (it will be recalled that he was one of the men mentioned for undertaking the ministerial reorganization), giving an address in which he undertook a "cold, dispassionate and critical" analysis of the political situation in the government and the party and so succeeding in winning more of the credit which is increasingly making this man the focus of attention.

Alvaro Barreto confined his comments to an assessment of government action, in which the present executive team was not spared harsh criticism--nor, moreover, did he spare himself.

One thing should be noted, however. If the fall of Mota Pinto can now be seen in clearer outline, and is emerging as something of a certainty in the short or medium time range, it is nonetheless due much more to his own political-party actions than to the desires of the factions opposed to him and the men who comprise them.

Was it not he, moreover, who anticipated it, "warning" that if the measures he defended to give the government new impetus were not adopted, he would leave his posts in the party and the executive branch?

Well then, this sufficed to make the structures of the other "adversary" factions tremble, and everyone came forth to suggest, demand or scream that Mota Pinto should continue where he was.

Rebelo de Sousa Statement

Let us listen to what they said.

Marcelo Rebelo de Sousa: "The Social Democrats elected Prof Mota Pinto by a majority at the Braga Congress for a period of 1 year, on a strategy of

structural change in Portuguese society. At this National Council meeting, Dr Mota Pinto suddenly created a long-term crisis with talk of his probable resignation in just a few months if the government fails to achieve that which cannot be achieved in a year, in view of the complacent calm of the PSD leader. Now good sense prevails and there is more thought of Portugal than of personal and party issues."

For Antonio Capucho as well, two and two make four. The former secretary general was categorical about his opposition view, only temporary, he says, in favor of "dethroning Mota Pinto from the leadership of his party."

"Despite the fact that our basic motion won more votes than the majority motion, despite the fact that we see that we are not dealing with majority, but a purely situational, feeling, we are not seeking total destruction. Why? They were elected at the congress and their obligation then is to continue. Mota Pinto has a period of time until the next council meeting to provide evidence of his actions in the government. If at that time the impossibility of his remaining in office is plain, then we will offer a clear alternative at that time."

Only on this point, however, did the views of the two rival groups have a common denominator. For the rest--conduct, actions, tone, etc.--clearly differentiated strategies could be glimpsed.

The Rebelo de Sousa faction, for example, would choose to exert pressure on the majority, with a pithy questionnaire of about 100 questions pertaining to "real, concrete and pragmatic" matters, and by making a point of honor of the organization presented at the Sheraton.

"They wanted to proceed here to set up their organization visibly and demonstrate work. Very simply, we did not rent suites because we do not belong there. There are more than seven of us, and we do not regard having our papers typed as very important," a member of the "competition" commented ironically.

Weighing and measuring each word, more cautious, more moderate and less bellicose--this was the conduct of the supporters of Mota Amaral.

The basic address on behalf of his group fell to Joao Salgueiro. He carried out this task in a "pragmatic" tone, as his peers described it, going into two basic points at greater length: the political leadership of the PSD should be more representative, "it should have been more proper and above all more efficient, with renegotiation of the agreement between the PS [Socialist Party] and the PSD at the proper time," as they have urged since the Braga meeting, "instead of bringing disagreements, impossibilities and contradictions within the coalition and the executive branch into the public eye."

Here again there is a rejection of a rupture in the current state of affairs.

What Future Lies Ahead?

Given this picture created by a limited and delicate minority flawed by serious internal contradictions, lacking strong leadership and having as its background a party divided into three (almost) equal parts, what can be expected now, in the short or medium time range, even taking the caution evidenced by the two lines opposing the present social democratic political leadership into account?

"The National Council has full authority for the interval between congresses to decide, should there be a vacancy in power, on the temporary need to replace a leader," one of the individuals present at the meeting a week ago explained to us.

So be it. But will this need arise? Here too, we heard more cautious answers than decisive statements, while there were some who skillfully returned the ball to the PS court.

"If the Socialist Party meets Mota Pinto's conditions...there will be no need for any substitution in the leadership and things will go on as they are until the next congress."

But the bolder--or more impatient?--individuals are still mentioning names, unconvinced that a leadership style like that of Mota Pinto can continue for much longer within the PSD. For example, a number of social democratic observers are already speaking of Rui Machete as the most likely to rally unanimity in support of him, even if it is only a solution limited in time.

Although the friends of Rebelo de Sousa are not (seemingly) interested in seizure of power at the wrong (for them) time, and at the same time as Salgueiro and his peers (although they say they are "prepared" and "available" to lead the PSD), one can read between the lines that they would prefer this possibility "later," and that the shaky social democratic majority is waiting. And with a sigh of relief which bodes no good, the ball is being kicked toward the PS net.

No Red Lights for Soares

It was with obvious ill will, if not even a certain hostility, that the socialists greeted the unexpected ball delivered to their feet by Mota Pinto.

And it is beginning to be obvious to all observers that there can be no possible concealment of the specific bad feeling existing within the PS structure, affecting everyone, from the early friends of Soares and his most faithful followers to the left wing of the party, whose critics have recently exceeded limits never reached before today.

"The PS will have to pay for all of this!" a leader from Largo do Rato said with a degree of black humor, speaking of the current state of affairs within the party, the coalition and the government. "The bill will have to be paid, and it is a very dear one for all of us. Nothing ever happens to the PSD!

They change leaders, coalitions and strategies and continue with remarkable impunity...and we are well aware of it!"

These are bitter words which, moreover, bring to the surface of political activity an undeniable reality: it will certainly be the Socialist Party which, when the final accounts are settled, will emerge from this adventure with the least damage.

Merry-Go-Round of Meetings and Conferences

Mario Soares is, moreover, pursuing a dizzying round of gatherings and meetings. He goes to the parliament, where he attempts to make his deputies aware of the importance and the delicacy of the present political situation. He urges proper order in the vote of confidence which he also wants to constitute "a gaining of collective awareness" and "an appeal to all your responsibilities." Then he talks with Mota Pinto, and after that meets with the permanent commission of his party. Later he meets with the Political Commission and the socialist ministers.

Despite the obvious signs of fatigue and impatience, the prime minister abandons neither his weapons nor his efforts. The coalition has no alternative; the country cannot breathe except through it; it is necessary to remain faithful to it, to serve it, and even to invest new belief and additional faith in its future now.

And although some of his closest friends and oldest political comrades are beginning to wave one red flag after another, Soares continues.

It is precisely one of these friends, Manuel Alegre, who told us just moments before the meeting of the Political Commission last Tuesday:

"The coalition cannot continue to be a tug-of-war in which the PS, in order to avoid a break, systematically lets itself be hauled forward by the PSD." And he gave a warning. "The coalition is not an end in itself, and it should not be distorted! Either it is given a meaning and a soul or it will rot, and the regime may rot with it, as well."

Socialists Stiffen Position

The same tone and almost the same words, in a similar atmosphere, moreover, characterized other socialist representatives. Thus it was not difficult to reach the conclusion that the structural measures of which Mota Pinto has spoken so much, going so far as to make of them his battlehorse, will not easily gain acceptance by the PS.

Alegre and Tito Morais, as well as Guterres, Constancio and Galvao Teles let this "rejection" precisely set the tone of their speeches, which were regarded as the "most incisive and categorical" addresses heard last Tuesday night in Largo do Rato.

"It seems to us neither legitimate, nor proper, nor just to accept measures which fly in the face of some of the principles which identify the PS with its electorate," one member of the left wing of the party said.

And another stated: "We believe that it is necessary to be cautious and to avoid hasty acceptance of this kind of ultimatum which the PSD is giving us now, simply to save its own face."

But there are those with a longer view who maintain that "quarrel by quarrel within the PSD, agreement will be reached in the short or medium time range."

"In such a case," another socialist leader wonders, "if Mota Pinto falls when Rebelo de Sousa and Mota Amaral decide he should, why should we have to sacrifice our principles, our ideas, to what is practically blackmail by the social democrats?"

In a word, the PS, after having difficulty swallowing and even more trouble digesting the sad tale of reorganization (moreover, it was not from the socialists that the idea of changing the composition of the executive branch came, but rather from the PSD, which began by making this a proposal first and then a question of life or death), does not seem willing now to swallow more trouble or to let itself be overridden.

At best it will negotiate the less harmful government structural measures with a degree of "leeway," but it will refuse at the outset to allow any change in those, for example, which have to do with the flexibility of the labor laws, about which Mota Pinto is now talking so much. And voting, with some irritation (and virulent speeches by way of concealment) for the motion of confidence for which Mario Soares asked the parliament this week.

"What good does it do us to refrain from supporting this motion?" a deputy, somewhere between resignation and pragmatism, wondered that same night.

And so it is: the coalition began to leak, seemed to weaken, cracked but did not split open. It still stands--for now.

5157

CSO: 3542/58

POLL SHOWS PEOPLE AWARE OF ABORTION LAW PROVISIONS

Lisbon TEMPO in Portuguese 14 Jun 84 p 8

[Text] A poll taken by Euroexpansao at the request of our newspaper has disclosed that the law on voluntary interruption of pregnancy recently approved by the Parliament and promulgated by the president of the republic is relatively well known insofar as its strict terms and limitations are concerned. The intention that prompted TEMPO to commission this poll was to find out whether, after so many months and so much controversy over this issue, the abortion law would be sufficiently known to most of the population or not.

In fact, it would be discrediting to the country's politicians if (after all the public discussions involving the advocates and opponents of legalized abortion during a period of several months) it were discovered that, after all, the Portuguese people had not been minimally enlightened regarding the content of the law on voluntary interruption of pregnancy.

If in this poll (the first of its kind taken in Portugal), it were found that the legal features of the aforementioned law were not known to the majority of the citizens, this would mean that democracy is still an empty term; because, if this were the case, all the public discussions did not help to enlighten the Portuguese people.

Fortunately, the Euroexpansao/TEMPO poll disclosed that, on the contrary, the majority of those interviewed are quite familiar with the strict limits within which abortion is allowed by the legislation that went into effect recently.

The poll was taken by telephone, and included residents of Greater Lisbon and Greater Porto. Those interviewed were asked to indicate, among a list of conditions, the ones which allowed abortion to be practiced legally. On this list, there were noted three legitimate conditions called for in the document pertaining to abortion, and three other conditions that do not allow the legal interruption of pregnancy. The first are: when the pregnancy is a result of rape, when the health of the mother is endangered and when it is known that, if the birth took place, the child would have physical and mental defects. The other three conditions shown to those interviewed (not legitimizing abortion, which is still regarded as a crime) are: provided that the mother wishes it, when the mother is unmarried and when the mother already has too many children. The selection of these three latter hypotheses was based

on the legislation of foreign countries (which agree that, under these conditions, abortion is legally possible), and also heeding the bills on abortion of the Communist Party which, it may be recalled, were rejected by the Assembly of the Republic.

As may be observed from the annexed table, between 64 and 73 percent of those interviewed disclosed that they knew the strict instances in which the mother could have an abortion without incurring penal jurisdiction. Conversely, between 12 and 16 percent showed unfamiliarity with those legal limitations. Hence, the result appears highly positive, showing that the argument over abortion was followed with interest by the population; since the latter proved to be familiar with the law. The poll also means that the politicians, whether they upheld or opposed the approval of abortion, managed to enlighten their electors on the scope of the law.

Those primarily concerned (women) revealed less knowledge than the men of the instances in which abortion can be legitimately practiced. In fact, in this poll it was mainly the members of the female sex interviewed who indicated as valid conditions which actually are still not grounds for legal abortion.

On the other hand, the best understanding of the so-called abortion law came from individuals under 40 years of age rather than among those interviewed who were over that age.

Those interviewed who belonged to the higher socioeconomic sector proved to be even more well informed than those belonging to the poorer classes.

Methodological Record

Universe: population 18 years of age or over, residing in the areas of Greater Lisbon and Greater Porto.

Sample: 200 individuals contacted directly by telephone.

Sampling by quota, with proportionality occurring in the sample between the universe and the sex, age, habitat (city and surrounding area) and socioeconomic stratum of those interviewed.

Collection of data: Interviews held on 5 and 6 May 1984, by eight supervised interviewers.

Reliability of the results: The reliability interval of the percentages at the total level (level of significance = 10.05) is \pm 6.9 percent.

Euroexpanso is responsible for the poll, and TEMPO for the analysis of the results.

Question: As you know, abortion has been legalized under certain conditions. Of the situations that I shall mention to you, which ones do you think meet those conditions? (N = number of interviews; V = percentage of votes)

	Total	Sex		Age		Socioeconomic Origin			Regions			
		M	F	-40 years	+ 40 years	Upper		Not Upper	City	Outskirts	Greater Lisbon	Greater Porto
When the pregnancy results from rape	N 127	59	68	71	56	81	46	55	72	86	41	
	V 64%	66%	61%	73%	54%	74%	51%	71%	59%	61%	68%	
When the mother's health is endangered	N 146	67	79	77	69	87	59	63	83	95	51	
	V 73%	75	71	79	67	80	65	82	67	68	85	
When it is known that if born, the child would have physical and mental defects	N 146	61	85	73	73	86	60	58	88	100	46	
	V 73%	69	77	75	71	79	66	75	72	71	77	
If the pregnant woman wishes it	N 26	5	21	17	9	10	16	10	16	10	16	
	V 13%	6	19	18	9	9	18	13	13	7	27	
When the mother is unmarried	N 24	8	16	12	12	10	14	7	17	13	11	
	V 12%	9	14	12	12	9	15	9	14	9	18	
When the mother already has too many children	N 31	8	23	17	14	16	15	10	21	16	15	
	V 16%	9	21	18	14	15	16	13	17	11	25	

MOZAMBICAN RESISTANCE MEETING CANCELED

Lisbon DIARIO DE NOTICIAS in Portuguese 20 Jun 84 p 4

[Text] A meeting sponsored by the rebel movement of Mozambique, at a Lisbon hotel, was canceled yesterday by a joint directive from the Ministries of Internal Administration and Foreign Affairs. Jorge Correia, who introduced himself as leader of the Mozambican National Resistance, protested against the Portuguese Government's decision, considering it a violation of the right of expression established in the Constitution. But he himself, before issuing a warning to the foreigners residing in Mozambique, to "leave" the country because, as he claimed, they might be the targets of attacks in the context of a "total war" under way in that African country, announced the beginning of a military operation known as "Burning Cacimbo," aimed at tightening the "encirclement of Maputo." Jorge Correia stated that this movement currently has two Soviet citizens in captivity, as well as one from Sri Lanka and three others, whose nationality he did not disclose.

2909

CSO: 3542/64

BRIEFS

FP-25 TERMED 'LEFTIST'--The FP-25 is "a leftist organization, as can be seen from the goals it seeks and its very actions," FUP leader Pedro Goulart stated during a press conference. When asked by journalists about that terrorist organization and the recent armed robberies for which the FP-25 claimed credit, Goulart said that "there is great concern about the violence and the terrorism the bourgeois state is using against the people on a daily basis." After describing the actions by the FP-25 as "instances of violence directed against the employers, the landowners and the capitalists," the former PRP [Revolutionary Party of the Proletariat] leader said that the FUP, as a legal organization, views its action as a form of "violence by the working masses" against the "political system resulting from the events of 25 November." In his statements, the FUP leader appealed to the base-level bodies of the workers organizations to develop a "revolutionary struggle with more advanced and radical forms of struggle" against the "violence and terrorism in which the bourgeois state engages in a daily basis against the workers and the exploited people." [Text] [Lisbon DIARIO DE LISBOA in Portuguese 8 June 84 p 4] 5157

POLITICAL ACTIONS CHALLENGED--A CDS [Social Democratic Center Party] deputy proposed to the Assembly of the Republic that the cabinet be required to explain whether Marshal Costa Gomes is authorized to engage in political activities, the NP agency, quoting a parliamentary source, has reported. Pedro Lourenco, of the CDS, alleges that Marshal Costa Gomes is an officer on active duty and is subject to the requirements of the National Defense Law, prohibiting members of the armed forces from engaging in political activity. Marshal Costa Gomes is vice president of the World Council of Peace and president of its Portuguese section, and in that capacity has participated in a number of meetings at which problems pertaining to NATO, an organization of which Portugal is a member, have come up for discussion from a political point of view, this CDS deputy believes. "Thus it is a question of posts involving engagement in political activity," he added, "with implications for the policy of the Portuguese government as such." The CDS deputy also wants to know "when, by whom and under what conditions Marshal Costa Gomes was authorized to engage in political activity." [Text] [Lisbon DIARIO DE LISBOA in Portuguese 5 Jun 84 p 20] 5157

NP-XINHUA AGREEMENT--The Portuguese News and Xinhua (New China) news agencies have signed a cooperation agreement in Lisbon calling for an exchange of their respective news and photographic services. The agreement was signed at the NP premises by Huang Pengnian, the representative of the Xinhua agency in

Portugal, and by Alves da Cunha and Eduardo Trigo, president of the board of directors and secretary general of the Portuguese News agency, respectively. Under the terms of the agreement they signed, the NP and Xinhua will exchange information on current events in their respective countries and on international events, as well as photographic materials. The NP is the agency for the distribution in Portugal of the services of the UPI [United Press International], AP [Associated Press], Reuters, DPA [Deutsche Presse-Agentur] and ANSA [Agenzia Nazionale Stampa Associata]. [Text] [Lisbon A TARDE in Portuguese 8 Jun 84 p 9] 5157

COMMUNIST PARTY DEFEATED--Genuine happiness reigns in the Superior Institute of Economy [ISE] of Lisbon, where a democratic slate won the elections for the leadership of the Student Association of that establishment of higher education by one vote. The difference of one vote with respect to another competing slate (Slate A, PS/PSD [Socialist Party/Social Democratic Party] and independents of the right, 679 votes; (Slate B, PC [Communist Party], 678 votes) could appear slight. However, if it is considered that the Student Association of the ISE has always been characterized by its strict obedience to the Communist Party, the present situation of balance of forces actually represents a great defeat of the leftist forces. "The important thing is to fight them," declared PSD leader Professor Mota Pinto recently. All indications are that the students of the ISE have already begun to put this appeal into practice by entrusting their representation to a democratic slate. [Text] [Lisbon O DIA in Portuguese 2 Jun 84 p 13] 8908

VITOR ALVES STATEMENT ON OTELO'S ARREST--Commenting on the arrest of Otelo Saraiva de Carvalho yesterday afternoon, Lt Col Vitor Alves affirmed to the NOTICIAS DE PORTUGAL news agency that he does not believe that Saraiva de Carvalho has any connection with the activities of the FP-25 April organization. He emphasized that given his knowledge of Otelo's personality and of his efforts, during the 25 April 1974 revolution, to avoid any confrontation or bloodshed, he does not think that the former candidate to the presidency is involved in the type of activities carried out by the FP-25 April organization. While a military source admitted to the DIARIO DE NOTICIAS that the authorization for Otelo's arrest was issued by the Armed Forces general staff, the charges against the strategist of the revolution which gave birth to the present regime remain unknown, as does also the decision reached by the 4th Criminal Court in this respect. [Excerpt] [Lisbon DIARIO DE NOTICIAS in Portuguese 21 Jun 84 p 24]

CSO: 3542/68

PROFITABILITY OF FRANCO-GERMAN HELICOPTER AGREEMENT QUESTIONED

Paris LE MONDE in French 6 Jun 84 p 8

[Article by Jean-Pierre Ravery: "A Fool's Bargain for France"]

[Text] What advantages for France can we expect to obtain from the combat helicopter coproduction project with West Germany? An agreement has just been signed within the framework of the last Franco-German summit without a clear-cut answer to this question having been received. In consideration of the record, we even have reason to fear that what we have here is a real fool's bargain.

The project has been in the works for some time, since Aerospatiale and MBB [Messerschmitt-Bolkow-Blohm] in 1978 were requested to study the possibility of reaching an agreement, inasmuch as the military sectors of the two countries had already discussed the subject. In January 1983, WEHRTECHNIK, the magazine of the West German arms industrialists, published a report whose conclusions were tantamount to an acknowledgment of an insurmountable disagreement. When everything is said and done, this was not very surprising considering the aborted Franco-German tank project. The same causes produced the same effects, at least in theory....

Here is what Wolfgang Flume, editor in chief of the magazine, wrote about this helicopter project which has been named "PAH 2" in German and "HAP-HAC" in French: "(...) France is not an easy partner: for it, the PAH 2 should be exportable, that is, it should be light, equipped with French components (in France they are still called "European components") for night vision and combat; it should also be usable as a light attack helicopter since the French ALAT [Ground Forces Tactical Air Support] wants to have its antitank helicopters protected from enemy helicopters by attack helicopters, that is, to assign the two kinds of mission to different units. On the other hand, our army wants to give the two missions to one kind of PAH 2, which, therefore, should be heavier; the army also wants to equip it with the night vision "common module" with which over 4,000 Bundeswehr armored vehicles are already equipped, to simplify logistics."

The Gordian Knot

And Wolfgang Flume, whom we must again note, concluded: "If we add to this the problem of single or twin engines, the imperatives of German arms exports, the participation of the industry in the costs of development and the methods for subsequent reimbursement from mass production prices, the "business" of the PAH 2 seems to be a real Gordian knot."

But the Gordian knot has just been cut with the signing of an agreement on 28 May. And what price?

Contrary to what has been maintained for a long time by the supporters of a European military industry, the precursor of a common army, the coproduction of a sophisticated weapon is much more costly than national production. "The constraints connected with cooperation generate higher costs," according to a study by the economic service of SNECMA [National Aircraft Engine Study and Manufacturing Company] which was conducted in January (L'HUMANITE, 20 March 1984). By constraints we have to include the costs of translation, transportation, meetings and also the supplementary studies required so that the weapon will be capable of satisfying different national needs. Not to mention, naturally, the losses to national industry because the pie has to be cut in two.

Nothing Is Resolved

In the case of the combat helicopter, higher costs will be all the greater because obviously none of the problems raised by WEHRTECHNIK in January 1983 have been resolved. The Germans still intend to equip their PAH 2 with an American optronic system with the Martin-Marietta "common module." While in France the SAT and the TRT companies have developed a thermal modular system (SMT) which "from the viewpoint of technological evolution and performance level is in all respects comparable to the American TADS/PNVS."

What is more, the military requirements of the two countries could not be harmonized and for good reason. Within the framework of NATO's division of tasks, the West German army has received an antitank strike priority.

Result: The 28 May meeting provides three scenarios with reportedly do not have a great deal in common with one another. So? Why pour fortunes into this adventure?

On the German side, the answer is clear: the special correspondent of AIR ET COSMOS at the Hanover Air Show recently reported that most of the German authorities thought that cooperation "is likely to promote a real transfer of know-how to Germany."

What is more, it is public knowledge that West German industrialists are interested in this kind of agreement because it permits them "by grouping" to benefit from French arms exports to markets where they are not well established.

Paradoxical

On the French side, there is a vain search for something positive to write about this undertaking. Driven into a corner, its supporters end up by invoking the overall costs of the development and production of a new-generation helicopter, without, however, citing a simple order of magnitude.

And, yet, at the end of 1983, we read in the specialized magazine, AVIATION INTERNATIONALE: "What is certain is that France now has the technological potential which would permit it to successfully carry out a program of the scope of the HAP-HAC all by itself."

All the same, it is paradoxical to note that at a time when everyone is constantly citing the need for improving French economic competitiveness, we are witnessing the compromise of the future of a sector that is getting along fine by throwing it to the lions of West German competition and by the same token weakening our country's capabilities for independence.

8143

CSO: 3519/382

LEADERS OF LABOR PARTY, CONSERVATIVES DISCUSS OUTLOOK

Oslo AFTENPOSTEN in Norwegian 9 Jun 84 p 3

[Article by Terje Svabo]

[Text] "The Norwegian economy is understimulated. Demand must be increased," Gro Harlem Brundtland said in this conversation with AFTENPOSTEN. Jo Benkow answered: "If demand increases, we will once again have inflation--which will have effects that none of us want."

Yesterday was the last working day of parliament's spring session. The leaders of the two largest parties in parliament summed up the session in a conversation with AFTENPOSTEN. Gro Harlem Brundtland of the Labor Party and Jo Benkow of the Conservative Party discussed the topics that dominated the session: economic policy including unemployment, healthcare and social policy, and the agreement on disarmament and security policy.

The government claims that the Norwegian economy is on the right track. We asked the two leaders what they thought.

Benkow: "The figures presented in connection with the debate over the revised budget speak for themselves. There is growth in industrial production, growth in industrial investments, inflation is down despite growth, there is a trend toward falling interest rates, and the unemployment level is 20,000 below its peak. Nevertheless, unemployment is too high, considering our ideal goal."

"Of course, we could discuss the extent to which these improved figures and other facts that were discussed are results of the government's efforts alone, whether the government has helped, or whether they resulted from international developments."

Harlem Brundtland: "Unemployment is the most serious problem. I believe these figures are far more disturbing than Benkow has indicated. Unfortunately, the most revealing figure is the one indicating that there are several thousand more unemployed people today than at the same time 1 year ago. There is a danger that unemployment in Norway will continue to rise. The gap between the increase in the labor force and the increase in the number of jobs is widening."

"Last fall the government took certain steps that have hindered growth in the Norwegian economy. The international economy has improved to a greater extent than predicted by the government at that time. This is of little consolation, especially since the government underestimated the unemployment problem. We are not using our material and human resources as we could, with our strong foreign trade."

"Real interest rates are much too high. They are hampering investments in housing and industry. These investments are still much too low. The figures are 25 percent lower in 1984 than in 1981."

Benkow: "But the trend has turned around."

Harlem Brundtland: "They are still too low and investments are a serious problem."

Benkow: "I agree that unemployment is the most serious problem in a society such as ours, but it is not the most serious economic problem. It is a by-product of economic policies. The most serious damage caused by unemployment is its human damage."

"I remember a statement made by the Labor Party leadership that made an impression on me. I have had occasion to use it several times: inflation is fundamentally antisocial and always hits the weakest members of society hardest."

"Thus, we must always perform a balancing act when using the various remedies at our disposal, as we all know."

Harlem Brundtland interrupted him at that time: "I agree totally with that statement. We are not in favor of inflation."

Benkow: "I never indicated that you were. As a result, there is a clear limit to how much the public sector can stimulate the economy without causing inflation, with its impact on wages, competitive strength, and in the final analysis on our ability to create jobs."

Harlem Brundtland: "We agree that there are human problems involved in unemployment, but I do not agree with Benkow's analysis that unemployment is not an economic problem. It clearly is . . ."

Benkow: "It is, but it is not the greatest economic problem. It is primarily a social problem."

Harlem Brundtland: "I am not primarily concerned with classifying unemployment as a social problem or as an economic problem. Those two aspects reinforce each other. Obviously, we are misusing our resources in the Norwegian economy by having so many people unemployed. The Labor Party and the Conservative Party disagree on this issue and this leads to disagreement over counter-measures and the limits to which the economy should be stimulated. Our calculations show that the Norwegian economy is now understimulated and that demand is too low."

In other words, public consumption should be increased?

Harlem Brundtland: "We are not just talking about public consumption, but the will to stimulate investments and increase demand. This applies to both the private and the public sector."

Benkow: "Here is where we disagree. We fear that if we overstimulate the economy we will see the return of inflation which, in turn, will have effects that none of us want."

Does Gro Harlem Brundtland agree that the best "present" the Labor Party could receive before the election next year would be an unemployment level as high as it is today?

Harlem Brundtland: "The situation is so serious that it would not be a 'present' a new Labor Party government would like to have in 1985. This is why, at our most recent national congress, I stated that the long-term effects of high and rising unemployment in 1984 and 1985 could be so serious that the Labor Party must do everything in its power now to stop it. We believe it is so important to reduce unemployment that we cannot think of it as a 'present'."

Benkow: "Gro Harlem Brundtland's answer is the only one a responsible political leader could give and I am not surprised to hear her give it. You cannot be the leader of the country's largest party and, for tactical reasons, wish for a high level of unemployment. But I am a bit more optimistic than my counterpart in the Labor Party. The persistent rise in unemployment has been broken."

Earlier this year there were bitter debates in parliament over the new health-care legislation. A "split" healthcare system and "privatization" were both catchwords and curse words. The Labor Party was especially active in this debate and it seems reasonable to ask today whether our healthcare and social services are better than when Gro Harlem Brundtland stepped down as prime minister in 1981.

Harlem Brundtland: "The overall results must always be compared to our needs. Since the percentage of elderly people in the population is rising and since the medical profession is now able to offer us more, our overall needs are increasing. As a result, I would not say that our healthcare system today is better able to meet its challenges than it was 3 years ago."

"Thus, our needs have advanced more rapidly than our healthcare system. For this reason, it is not meaningful to point, as the government does, to the percentage of growth in a limited section of the budget. If we go out to the municipalities, we will see that more and more problems and shortcomings have arisen. This also has something to do with the overall economic situation of the municipalities."

"Thus, our conclusion is that while we are placing greater demands on efficiency, modernization and improvements in this large sector, I believe we will be unable to meet the rising needs in this area."

Benkow: "I am convinced that this conclusion is correct. Regardless of how clever we are at organizing our healthcare system, regardless of how good medical treatment is, and regardless of how efficient we are, it will take a joint effort in the area of healthcare to make reality approach our ideal in this area. We are in close agreement on this issue."

"I believe it would be foolish for us to debate whether lines at hospitals are longer now than they were then. Based on what Gro Harlem Brundtland said, I believe we hold similar beliefs and priorities, but that does not prevent us from disagreeing on how the system should be organized."

You seem to agree here, but not many weeks ago there was a bitter debate in parliament over alleged privatization and a "split" in the healthcare system.

Harlem Brundtland: "We will continue to disagree over the plans the Conservative Party has begun to develop with regard to a mixed private/public system."

Benkow: "That which has been given the unfortunate name of 'privatization' is simply a supplement to the existing healthcare system. Overall responsibility would remain totally with the public sector."

Harlem Brundtland: "The cause of the battle over the doctors' contract was precisely our fear that this could be the beginning of a split healthcare system and a weakening of the principle of equality on which our healthcare system is based."

Benkow: "In my opinion, there has never before been such a great effort to organize the healthcare system in a better way and to distribute our resources both geographically and socially. Our healthcare system is becoming more solid and better managed than before. It was more split before than it is today."

During the spring session, broad agreement was reached on both the disarmament report and long-term military planning. Leaders of the Labor Party and the Conservative Party have indicated that this agreement is based on a firm foundation. But what about their views on how these policies should be presented to NATO?

Both leaders stressed that the Labor Party disagree on the role Norway should play in NATO.

Harlem Brundtland: "The Labor Party is more ambitious and more impatient in this respect. We want to take the initiative more often and at an earlier stage. We must take the initiative, even if this is unpopular within NATO at the moment. We must work actively if we are to achieve detente and disarmament, while maintaining our security at the same time. Norway can and should play this role, but this should be done within the framework of NATO. It will not hurt NATO outwardly if such a discussion is publicized. We are democratic countries with important traditions."

Benkow: "When it comes to initiatives and negotiating strategy, we have different

methods. We have always believed that unilateral initiatives from individual member nations could strengthen the position of the Eastern countries. We do not want to conduct this debate publicly, but prefer to work together with our allies through consultations. It is our method that will best secure Western unity and solidarity and guarantee results from our negotiations.

9336

CSO: 3639/124

LARGE GOVERNMENT DEBTS TO PUBLIC WORKS FIRMS

Lisbon A TARDE in Portuguese 5 Jun 84 p 15

[Excerpt] The government owes a total of about 12.8 million contos to public works firms, according to information released by the Association of Construction and Public Works Firms of the South (AECOPS).

According to AECOPS, "inadmissible delays in liquidating these debts (on the average of 5 and $\frac{1}{2}$ months at the beginning of May) have resulted in losses of about 1.3 million contos by the firms in question in the form of finance charges for bank credit to which they have had to turn to make up for the lack of payments on the debts."

The situation is also causing difficulties for the employees of state credit firms and, according to AECOPS, "most of those firms have experienced serious difficulties in meeting their payroll on time."

AECOPS says that, because of these delays, the firms are also finding it impossible to honor their commitments to suppliers, "thus causing difficulties in a number of other sectors, for which the government is to blame."

State Setting a Bad Example

"Therefore, it is imperative that the government approve an allocation of 10 million contos as soon as possible to pay off the amounts in arrears and thus liquidate their debts to the firms involved in the near future," AECOPS says.

The association also asserts that "it is also essential that the state take the necessary steps through pertinent official channels to speed up the procedures for acknowledging these debts and paying the respective amounts."

AECOPS states that "being the first not to honor its commitments to the firms in question, the government is setting a very bad example for other economic entities and is forgetting the vital importance of the public works sector in our overall economy."

8568

CSO: 3542/61

POLL ON BUSINESSES IN DIFFICULTY: BANKING HELP REQUIRED

Lisbon TEMPO in Portuguese 31 May 84 p 8

[Text] When asked about how the government should deal with the problem of businesses in financial difficulty, 47 percent of those interviewed in yet another Euroexpansao/TEMPO survey replied that the government should require banks to lend money to these firms.

There are several hundred firms scattered throughout the country which are behind in paying their employees' wages. A reflection of a general national crisis, unpaid wages today are a serious social problem which the government has not yet been able to resolve.

Aware of how critical this issue is, TEMPO contracted a firm specialized in public opinion surveys, Euroexpansao, to do a survey of what the average citizen would recommend to solve the problem of unpaid wages. The firm conducted a telephone survey of 200 people living in the greater Lisbon and greater Porto areas, which represent about one-third of the national electorate.

Those interviewed were told of possible solutions the government might adopt to deal with the problem of firms with wages in arrears and were then asked to indicate which would be the most satisfactory in their opinion.

Almost half of those interviewed in the Euroexpansao/TEMPO survey--47 percent--said that the best thing the government could do would be to require banks to lend money to firms in difficulty. Most of these answers came from people belonging to the lowest socio-economic class.

The incredible results of this survey seem to indicate that the Portuguese people still have the attitude demonstrated on 11 March 1975, i.e., that nationalized banks "are ours." Hence, those interviewed regarded as entirely natural that the government should require banks (public enterprises) to finance firms with financial problems. In the eyes of a majority of the citizens, nationalized banks appear as a last resort for businesses, as an "isle of plenty" in this country sunk in a crisis.

The second most popular solution of the problem of firms which could not pay their workers (but with only 14 percent of the replies to this survey) was that the government should declare these firms bankrupt and shut them down. Despite the fact that this is the most radical solution to the problem--with serious social and economic costs for the country--this was the second most frequent reply to this survey. The people who indicated that this was the best solution live for the most part in the greater Lisbon area (14 percent, as compared to 13 percent in the greater Porto area). They also belong to the highest socio-economic class (16 percent as compared to 10 percent), are less than 40 years old (16 as compared to 11 percent), and are predominantly male (17 as compared to 11 percent of the opposite sex).

The third most popular solution in this survey was that the government should help our firms that cannot meet their payrolls and support them with loans and subsidies, among other things. This possible solution to the problem received 10 percent of the votes of those interviewed. Most of these persons were women.

The government should penalize firms with unpaid wages by fining them: this solution was the fourth most popular one, as can be seen from the adjoining table. Here again there were more women selecting this solution. Most of the people advocating this answer were from the upper class--11 percent--as compared to one percent in the lowest bracket. It is curious to note, however, that the lowest social class, which is the one most affected by unpaid wages, believes that businesses in difficulty should not be further penalized for not being able to pay their workers.

In fifth place (with 5 percent of the total) was the alternative that the government study these businesses on a case by case basis, and then find the best solution for each firm later on.

Immediately following, 4 percent of those interviewed said that the government should require owners of the businesses to pay the bank wages. As can be noted, this solution received very few votes, as it is relatively impractical.

Two other possible solutions to the problem of firms with wages in arrears received the same percentage of votes (3 percent of the total). They were to nationalize and to increase productivity. Those who advocated nationalization of these firms came mostly from the greater Porto area. In addition, the number from the upper and lower socio-economic brackets choosing this solution was the same.

Finally, one percent of the interviewees were of the opinion that the government should do nothing to solve the problem.

Moreover, 2 percent indicated other possible solutions, while 4 percent said they did not know what the government should do.

	(1) SEXO		(2) IDADE		(3) ESTRATO SOCIOECONOMICO		(4) REGIOES			
	Masculino 1a	Feminino 1b	- 40 Anos 2a	+ 40 Anos 2b	Elevado 3a	Não Elevado 3b	Cidade 4a	Periferia 4b	Grande Lisboa 4c	Grande Porto 4d
TOTAL 200										
DECLARÁ-LAS FALIDAS E ENCERRÁ-LAS(5).....	15 27	12 11	15 16	12 11	18 16	8 10	9 12	18 15	20 14	7 13
MULTÁ-LAS(6).....	3 13	10 9	9 9	4 4	12 11	1 1	6 8	7 6	8 5	5 8
NÃO FAZER NADA(7).....	1 2	1 1	0 0	2 2	2 2	0 0	2 3	0 0	1 1	1 2
OBRIGAR OS BANCOS A EMPRESTAR-LHES DINHEIRO.....(8).....	39 44	55 50	46 47	48 46	39 35	55 61	37 48	57 47	70 50	24 40
AUMENTAR PRODUTIVIDADE(9).....	7 3%	5 4	0 0	7 7	6 8	1 1	1 1	6 5	5 4	2 3
VIABILIZAR/APOIAR ATRAVÉS DE EMPRESTÍMOS/SUBSÍDIOS(10).....	8 10	12 11	13 14	7 7	11 9	9 10	10 13	10 8	11 7	9 15
ESTUDAR CASO A CASO(11).....	5 6	5 4	4 4	6 6	8 7	2 2	5 6	5 4	7 5	3 5
ESTADO INTERVIR NAS EMPRESAS/NACIONALIZA-LAS... (12)	4 4	2 2	2 2	4 4	3 3	3 3	1 1	5 4	2 1	4 7
OBRIGAR OS PATRÕES A PAGAR(13).....	4 4	4 4	5 5	3 3	3 3	5 6	4 5	4 3	5 4	3 5
OUTRAS(14).....	5 6	0 0	1 1	4 4	4 4	1 1	1 1	4 3	5 4	0 0
NÃO SABE(15).....	3 3	5 4	2 2	6 6	4 4	4 5	2 2	6 5	7 5	1 2

Key on following page

Key:

1. Sex
 - 1a. male
 - 1b. female
2. Age
 - 2a. less than 40
 - 2b. over 40
3. Socio-economic Bracket
 - 3a. high
 - 3b. not high
4. Residence
 - 4a. City
 - 4b. Suburbs
 - 4c. Greater Lisbon
 - 4d. Greater Porto
5. Declare them bankrupt and shut them down
6. Fine them
7. Do nothing
8. Require banks to lend them money
9. Increase productivity
10. Aid/support them by loans/subsidies
11. Study on a case by case basis
12. Government intervention to nationalize them
13. Require the owners to pay
14. Other solution
15. Don't know

Methods

Subjects: Population 18 years or over residing in the greater Lisbon and greater Porto areas.

Sampling: 200 persons contacted directly by telephone.

A sampling by quota, based on proportionality by sex, age, habitat (city or suburb), and socio-economic bracket.

Collection of data: interviews on 5 and 6 May 1984, by 8 supervised interviewers.

Reliability of the results: the interval of reliability of the percentages (level of significance = 0.05) is ± 6.9 percent.

Euroexpansao is responsible for the survey, and TEMPO for the analysis of the results.

Question: As you know, there are many businesses with unpaid, back wages. Choosing from the solutions I am going to give you, what do you think the government should do to deal with this problem? (N = number of interviewees; V = percentage of total votes).

9805

CSO: 3542/46

STUDY SHOWS LEVEL OF TAXATION COMPARATIVELY HIGHER

Lisbon TEMPO in Portuguese 7 Jun 84 p 29

[Text] In 1980, only countries with more than \$5,000 per capita income exceeded a taxation level of 30 percent. Our country, with about half of that figure (\$2,500) was almost in that 30 percent group (while it is estimated that we shall be in the 32 percent group this year). This is one of the principal conclusions reached in a study made by Dr Medina Carreira to which our newspaper had access.

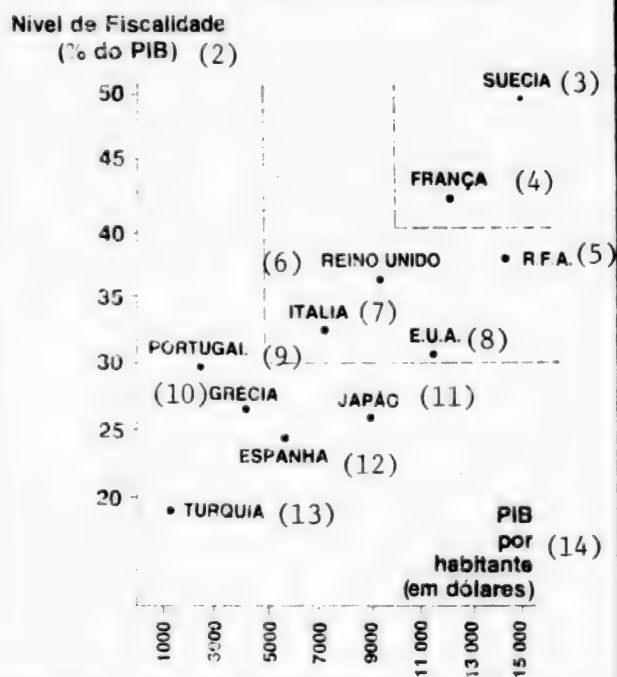
The study was requested by the Portuguese Industrial Association, the Porto Industrial Association and the Coimbra Commercial and Industrial Association to serve as the basis for a document to be presented to the government in the near future concerning tax reform.

The level of taxation is expressed as the quotient of the fiscal income and, in this case, the GDP. In Portugal's case, this quotient means that, in 1980, 30 percent of the GDP was coactively transferred from the economy's private sector to the public sector. As seen in Chart 1, that taxation level is excessive considering our low average per capita income.

Moreover, it is interesting to note our country's relative position to that of Spain and Greece. Despite having a per capita income which is significantly lower than that of those two countries, our level of taxation is substantially higher.

In addition, the study shows the staggered relationship of the OECD countries in accordance with income variations in fiscal receipts. These variations show the relation between increases in fiscal receipts and increases in the GDP for a given period.

GRÁFICO 1
NÍVEIS DE FISCALIDADE E RENDIMENTOS
POR HABITANTE (1980) (1)



Key:

1. Chart 1 - Taxation levels and income per capita (1980)
2. Taxation level (percentage of GDP)
3. Sweden
4. France
5. FRG
6. United Kingdom
7. Italy
8. United States
9. Portugal
10. Greece
11. Japan
12. Spain
13. Turkey
14. GDP per capita (in dollars)

Thus, the factor of 1.18, verified for the period extending from 1974 to 1980, means that for each 1 percent growth in the GDP there was an increase of 1.18 percent in fiscal income and, therefore, that fiscal income increased much more rapidly than the GDP.

The study showed Portugal had the second largest income variation in fiscal receipts in the period between 1974 and 1980 (in which only neighboring Spain surpassed us), while from 1965 to 1975 it occupied the seventh position in the list of the 23 OECD countries.

This result reflects the major effort after the revolution to obtain resources for the public sector.

PREDICTED ECONOMIC UPTURN SEEN LACKING MEANS, RESOURCES

Lisbon TEMPO in Portuguese 7 Jun 84 p 27

[Article by Ilidio Barreto]

[Text] The Portuguese, between incredulous and euphoric, learned recently from the head of state himself that the second half of this year will bring a loosening of belts in the form of an economic upturn.

Knowing, as we all do, the time lags between the time of implementing an economic policy and the appearance of its results, this governmental "decision" seems to be double talk.

But the question which now concerns us is not so much "why" but rather "how" that economic upturn will be effected.

In fact, investment was the element of overall demand which felt the effects of last year's economic policy more than any other sector. Erosion of private investment continued through the "crowding out" effect caused by public spending (despite everything which was said at the time, total expenditures in the government's public sector rose to 43.3 percent of the GDP in 1983, that is, the highest level in the past 10 years...).

Contrary to what happens in an economy such as that of the United States, with us the "crowding out" effect does not come about through an increase in interest rates resulting from successive "open market" operations to cover, for example, negative balances in the state's accounts.

In our country, the public debt is financed essentially through credit, and this increases the inflationary trend which leads to an inevitable rise in interest rates (fixed administratively) in order to maintain the people's desire to hold on to their domestic savings and not promote speculative movements against the national currency.

Higher interest rates, in turn, result in a reduction in the search for capital for investments.

But as misfortune never occurs singly, it so happens that it was precisely public investment of the so-called "privileged" type which slipped by in

the year's budget cuts.

Thus, only one doubt assails us: With what established resources does this government think it can make the widely announced economic recovery involving a reversal of the two half-year periods?

8568

CS0: 3542/61

STUDY SHOWS UNEQUAL DISTRIBUTION OF PURCHASING POWER

Lisbon EXPRESSO in Portuguese 9 Jun 84 p 18

[Text] The 25 richest municipalities in the country represent 63 percent of the purchasing power and half of the municipalities in the country hold 90 percent of that power, according to a 1984 study prepared by a specialized company, Marktest, ordered by SELGEC [expansion unknown].

The regional purchasing power index (IPCR) is calculated on the basis of the indices of revenue and sales and on the population, the former being based on various indicators such as the consumption of electric energy, the number of telephones and vehicles, and the collection of complementary, professional, stamp and transfer taxes.

The Lisbon municipality holds a prominent place with the highest purchasing power index, followed by Oporto, Loures, Sintra, Vila Nova de Gaia, Cascais, Coimbra, Oeiras, Matosinhos, Almada and Amadora. These 11 municipalities represent 50 percent of the country's purchasing power and the following 10 richest--Funchal, Braga, Setubal, Guimaraes, Vila Franca de Xira, Gondomar, Leiria, Aveiro, Viseu and Seixal--represent 60 percent of the total.

The Greater Lisbon-Setubal axis by itself concentrates 42.5 percent of the purchasing power, and the Aveiro-Oporto-Braga axis, 23.9 percent. Thus the areas encompassed by the country's two great urban centers represent almost 65 percent of that power, while the rest of the country, including the Azores and Madeira, hold 33.6 percent.

The last 11 by decreasing order of IPCR are the municipalities of Vila de Rei, Alcoutim, Sao Roque do Pico, Alvito, Mourao, Penadono, Porto Moniz, Santa Cruz das Flores, Barrancos, Lajes das Flores and Corvo.

Decline Are General

In comparison to the purchasing power recorded in 1982, the last year when a similar study was carried out, almost all of the districts in the country show a drop. Only Funchal, Lisbon and Horta [districts] saw their purchasing power increase, with the capitals--except for Horta, which decreased--showing the greatest increases. In the district of Lisbon only the Lisbon and Loures municipalities show a positive development, and in Funchal all of the

municipalities showed increases.

Continuing by district, it was in Setubal, Guarda and Evora that the sharpest decreases of purchasing power took place.

Immediately following come Portalegre, Aveiro, Coimbra, Leiria, Braganca, Castelo Branco and Braga.

With reference to the per capita purchasing power index, taken as the ratio between the IPCR and the population index, the concentration of wealth continues to be evident. Owing to the great weight of the most important municipalities, headed by Lisbon and Oporto, only 23 have indices above the national average. Strangely enough, the municipality with the greatest per capita purchasing power following the two big cities in the country is Sao Joao da Madeira, which appeared in the IPCR in 60th place. Immediately following come the municipalities of Faro, Aveiro, Cascais, Coimbra, Beja, Funchal, Albufeira, Portimao, Oeiras, Caldas da Rainha, Matosinhos, Sines, Setubal, Marinha Grande, Vila Franca de Xira, Almada, Evora, Espinho, Alcanena and Santarem. All of the other 282 municipalities present indices below the average.

8711

CSO: 3542/55

BRIEFS

CGTP ON UNEMPLOYMENT FIGURES--Out of more than a half million unemployed, only 58,000 receive unemployment compensation. This information comes from the CGTP [General Federation of Portuguese Workers] who are quoting figures published by the Ministry of Labor and Social Security. The same source states that in October 1983 the official number of unemployed in our country exceeded 448,000--135,500 men and 312,500 women--and that, during all of 1983, the official figures indicated a decrease in employment of about 2.5 percent. "This means," CGTP goes on to say, "that more than 100,000 jobs were eliminated. If we increase this figure by the approximately 70,000 young people who enter the labor market each year, we see that the number of unemployed in our country is exceeding half a million," the union headquarters asserts. [Text] [Lisbon DIARIO DE LISBOA in Portuguese 9 Jun 84 p 6] 8568

CSO: 3542/61

CHAMBERS PRESIDENT URGES FULL EFFORT FOR EEC ENTRY

Madrid YA in Spanish 1 Jun 84 p 18

[Text] "Instead of being worried about tax collection, about tightening our belts, penny-pinching and making us into tax informers, the government should be more concerned about giving its fullest support to businesses as we look forward to joining the Common Market," Jose Maria Figueras, president of the Chambers' Higher Council, declared yesterday. This statement does not imply a criticism of the process of Spain's negotiations with the EEC, according to the president of the chambers' Higher Council, but a recognition of the reality that Spain must join the community on 1 January 1986, since the failure to do so would be a historic disaster, in spite of the trauma it will undoubtedly involve for numerous Spanish businesses.

According to Jose Maria Figueras, many companies must prepare themselves to close down when Spain joins the Common Market, but our economy will be able to withstand the blow, and will make the best of the situation. According to the report drawn up by the Chambers of Commerce, the act of affiliation could have a dramatic effect on some businesses, but in the long run the benefits of joining will always be greater than the problems which arise during the completion of the period of transition.

The chambers' Higher Council has drawn up a document on this subject which reflects the position of the institution regarding Spain's joining the European Community. According to this document, Spain needs to join the EEC, for economic, social and political reasons, since there is no other reasonable alternative.

Harmful to Remain Outside

Spain has historically paid a high price for remaining outside the centers where international decisions are made, and according to the chambers, this explains a good many of our present historical shortcomings and entanglements. The report, commented on by Jose Maria Figueras, emphasizes the need for Spain to make its presence felt in all community institutions, so as to be able to defend itself, or to take advantage of European initiatives which affect us. According to information which Figueras said he obtained after his conversations with high ranking community figures, especially the French, the periods of transition for Spanish industry and agriculture will not drag on very long, a maximum of 2

years, since Europe wants Spain to join by the dates anticipated by the community.

All in all, the Chambers of Commerce take a favorable position toward the negotiation by the Spanish Government, which it believes is maintaining a firm position, supported by adequate tactical planning. Also, the chambers believe that the points of negotiation which have been settled up to now have entailed acceptable conditions for Spanish business as a whole. Furthermore, they make an appeal to the effect that until the community internal problems and the negotiations on joining themselves are definitively settled, we must avoid any attitude which might serve as a pretext for the EEC to blame Spain for any interruption in the process of joining, or which could put the 1970 agreement in jeopardy.

8131

CSO: 3548/268

NONSOCIALIST OPPOSITION DIVIDED ON ECONOMIC POLICY

Stockholm DAGENS NYHETER in Swedish 12 Jun 84 p 2

[Editorial: "The Government--its own Enemy"]

[Text] The government may seem indomitably strong. Its economic policy has succeeded even beyond its own expectations. Nonsocialist warnings are very reasonable from the standpoint of what is waiting a few years down the line, but at the moment they only seem like whining. After all, exports are rising, balance in foreign trade has almost been achieved, and production and productivity are up. And above all, "a new optimism" mentioned by Olof Palme in Parliament's final debate--has been spreading. A psychological factor is not unimportant in the course of economic events.

But the government is falling into the trap of overemphasizing the positive. This will make it hard for the employers to stand up to demands by the labor organizations, precisely as happened and is happening in this year's wage negotiations. The policy of restraint that the government periodically says it wants to pursue is being undermined.

The budget deficit is something the government can live with. Its fateful consequences over the longer term frighten professional economists more than they do ordinary citizens.

More serious for the government's position with the voters are three other factors. The first concerns the government's authority with respect to the parties in the labor market. Now that it has involved itself--even though unwisely--in the Rosenblad negotiations, it cannot come away emptyhanded. It must be prepared in the end to adopt measures--although not necessarily coercive measures against the parties in the labor market--for carrying out its economic policy.

Another problem related to both the budget deficit and the wage agreements is inflation. Although inflation has dropped faster than expected since the record devaluation, not even the government believes any longer that its goal of 4 percent in 1984 and 3 percent in 1985 will be reached. If there is runaway inflation as there was before, it will jeopardize not only the government's strategy but also its support among mobile voter groups.

The third and perhaps most crucial problem is whether employment may increase. Even now, in the midst of quite well-behaved prosperity, 137,000 people are openly unemployed--the highest figure for this time of year since the war. And the efforts being made through the labor market policy are greater than ever. The longer we wait for a turnaround and the closer we come to the election, the more difficult it will be for the government to defend itself. And what will happen when the economic situation takes a downward turn again?

Added to that is a smoldering problem that may seem out of date in the rightward-leaning 1980's: the lopsided distribution of wealth between capital and labor to which the new Social Democratic policy has led--temporarily, says the government. But when Center Party leader Thorbjorn Falldin, and not just the VPK [Left Party-Communists], compares the billions in profits for stockholders to the falling standard of living for pensioners and families with children, things start heating up. If other components of the Social Democratic strategy fail, the issue of distribution may become really awkward.

For their part, the three nonsocialist parties now seem to be more united than they have been for a long time. The traditional antagonisms between Right and Left have again come to the fore in Parliament.

In a joint statement of dissent in the Finance Committee that formed the basis for their conduct in Parliament's final debate, the three parties sketched out a joint economic policy: retrenchments totaling about 10 billion kronor, no tax increases, elimination of the wage earner funds, and a strengthening of the market economy. On the questions of austerity, deregulation, and opposition to the wage earner funds, they stand together against the government, which is supported--often unwillingly--by the VPK. Despite occasional agreements across the bloc boundary--chiefly on defense--the mood points toward a fight between the blocs in the 1985 election.

But the nonsocialists are facing two difficulties if they want to come across as an alternative for government. In all three areas where the Social Democrats are having their biggest problems, the nonsocialists lack credibility. When they attack the government for its poor handling of the employee organizations, inflation, and employment, their own 6 years in the government do not offer any edifying models. And few people credit them with the capacity for jointly pursuing a better distribution policy than the Social Democrats.

The second difficulty is the fact that the three parties disagree among themselves on what are, in some respects, main issues. The far-reaching cutbacks and tax reductions wanted by the Conservatives are regarded by the Liberal Party as "negative for the national economy" and are not accepted by the Center Party. The Conservative Party's lack of appreciation for distribution policies and its thesis that the state has no responsibility for employment conflict with the stand taken by the middle parties.

On a number of other specific issues as well--such as family policy, regional balance, or the public sector--one or the other of the three parties disagrees with both of the others.

Bloc stands facing bloc. But cracks are visible on the back side of each, and they are most evident on the nonsocialist side. Although the nonsocialist bloc is about as big as the socialist bloc, it finds it difficult to convince people that it measures up.

11798

CSO: 3650/225

INDUSTRY TO PAY HEAVILY FOR GOVERNMENT ENERGY DECISIONS

Copenhagen BERLINGSKE TIDENDE in Danish 17 May 84 pp 1, 38

[Article by Peter Kjelstrup: "Environmental Requirements Will Cut Off 90 Percent of the World's Use for Us"]

[Text] The compromise in regard to desulfurization requirements results in that Denmark significantly limits her opportunities for buying crude oil. Only 10 percent of the world's crude oil meets the Danish environmental requirements. Thus the enormous oil reserves from the Middle East are useless to Denmark.

In practice Denmark is cutting herself off from the crude oil from oil fields containing almost 90 percent of the world's oil reserves, including oil from the entire Middle East.

That is a consequence from the compromise reached in parliament to reduce the sulfuric content of oil, first to 1.5 percent in 1986 and later to 1 percent in 1988.

This information was given to BERLINGSKE TIDENDE by Henning Tandrup, director of the Association of Oil Companies.

Henning Tandrup says that, by and large, only crude oil from the North Sea and Africa has a sufficiently low sulfuric content so that Danish refineries, in practice, can observe the environmental requirement.

At the same time Danish consumers will be billed for an additional 200 million kroner a year, at the very least.

The director for the Association of Oil Companies feels that the price differential for the varieties of oil that have a low, or no, content of sulfur will bring about an increase of 70 kroner per ton for fuel oil under present circumstances. If, on the other hand, the government succeeds in getting other nations to introduce similar drastic requirements for the level of sulfur, the demand for oil with low sulfuric content will rise sharply and thereby increase the difference in price far more.

Henning Tandrup says to BERLINGSKE that the environmental requirement significantly reduces Denmark's security reserves and he cannot avoid feeling a "certain sadness" remembering the days when the Minister of Energy, Poul Nielson, travelled all over the Middle East in order to purchase oil "clear as a bell" for the government's reserve supplies.

The requirements for desulfurization will first and foremost be carried out to please Sweden, who suffers the most from the fall-out from acid rain. Paradoxically, Sweden exports 646,000 tons of fuel oil annually to Denmark with a high sulfuric content, reports Henning Tandrup.

Millions To Be Paid by Industry

Table 1. Additional Energy Cost to Industry

<u>Sector</u>	<u>Gas to Electricity</u>	<u>Desulfurization of:</u>		
		<u>Coal</u>	<u>Oil</u>	<u>Total:</u>
Steel Mills:	8 mill.	6 mill.	4 mill.	18 mill.
Paper Mills:	3.5 mill.	2.5 mill.		6 mill.
Associated Breweries:	produce own electricity	-	4.5 mill.	4.5 mill.
Refineries:	2 mill.	1.5 mill.	own oil	3.5 mill.
Soybean Cake Factory:	1.5 mill.	1 mill.	1 mill.	3.5 mill.

This shows the cost to different large Danish concerns from the two compromise measures on energy: In part, the compromise that the electrical industries have to buy DONG's [Danish Oil and Natural Gas] surplus gas instead of burning cheap coal, in part, the measure that requires the electrical companies to desulfurize their coal smoke as well as reduce the sulfur content in fuel oil.

The energy compromises reached on Christiansborg impose new expenditures of over 400 million kroner yearly on Danish industries.

The political compromises for the electrical companies' buying DONG's surplus gas, and the desulfurization of fuel oil and coal smoke from electrical companies, will altogether increase the industry's expenditures for energy to about 400 million kroner each year and also cause loss of jobs. This is a striking contrast to the government's policy to moderate cost in general.

That is how the Council of Industries expresses its opinions in a letter to the government and the "unacceptability to solve DONG's economic problems by, among other things, using upwards 2.5 billion cubic meter surplus gas as a substitute for the cheap coal used by electrical companies."

The Council of Industries estimates that this will impose unnecessary additional expenditures of 120 million kroner annually.

"As if this were not serious enough, there are also the added economic consequences of interfering with acidification," says the letter addressed to Minister of Energy Knud Enggaard, Minister of Environment Chr. Christensen and Minister of Industry Ib Stetter.

The Council of Industries describes the measures agreed upon Wednesday night in Parliament, as "national interference, which without broad international cooperation will have little or no impact on the environmental problems in our neighboring countries. That is really where the problems are and not here in our own country."

The letter, signed by the Chairman of the Industrial Council Nils Wilhjelm, continues: "It is difficult to dismiss the thought that the government and Parliament in their premature zeal to solve a number of concrete problems chose to ignore the facts of competitiveness and employment impact and instead sided with the popular view that energy costs, by and large, have no connection with these factors."

Energy-Heavy Danish Industry

The letter from the Council of Industry stresses that even if Danish industry is not as large an energy user as industries in many other countries, there are, nevertheless, "energy-heavy" users in the country. They include steel and paper mills, cement industries, glass industries, breweries, etc. In a number of these the cost of energy constitutes more than 50 percent of all expenditures, as well as half of Danish industry's energy consumption in businesses where energy makes up more than 25 percent of the expenditures. The Council of Industries now demands that the government examine all the conditions that influence the price of energy and which we ourselves control. That applies to the energy costs, including oil reserves, which--because of the decrease in the use of oil--have almost doubled from what they were intended to be from the outset, and finally, the relationship between the price of electricity and the price of heating the so-called powerheating stations. The Council of Industry finally advises the government to include the price increase for electricity in the cost of energy, instead of in the actual price of electricity. Then industry is not charged. According to estimates by the Council of Industries showing various additional expenditures for businesses affected by the new measures the steel industry would be hardest hit. It will increase its energy cost to a total of 18 million kroner a year once all the new measures are enforced in a couple of years.

9349

CSO: 3613/165

MINISTRY SCALES DOWN PROJECTED FUTURE POWER NEEDS

Helsinki HELSINGIN SANOMAT in Finnish 17 May 84 p 29

[Article: "Ministry's Policy More Moderate"]

[Text] The Ministry of Trade and Industry has scaled down its estimates regarding the need for electricity in Finland over the next couple decades. According to a report published by KTM [Ministry of Trade and Industry] on Wednesday, the consumption of electricity will increase 1.5--2.5 percent annually for the remainder of this century.

This estimate is clearly more modest than the government's prediction "approved" last fall or the conclusions made by the producers of electricity last year.

The Ministry of Trade and Industry has surprisingly reassessed its understandings in recent weeks. It was still in March that a representative of KTM stated at a Finnish-Soviet seminar that consumption will increase at least by 2 percent annually and at the most by 3 percent annually until the year 2000.

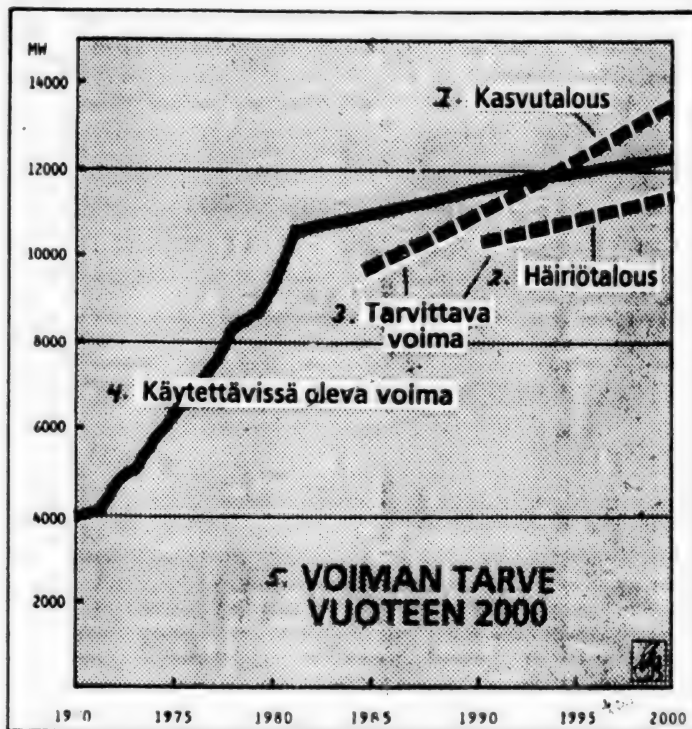
On Wednesday the ministry published a detailed report, which has been awaited for months as the "definitive" basis of a major power plant decision. A broader economic and social understanding of the need for electricity and production alternatives than in previously published studies was taken into consideration in the report.

Economic Growth 1.2--2.5 Percent

In its report the Ministry of Trade and Industry proceeds from the premise that the Finnish economy will reach an annual growth rate of 2.5 percent at the highest in this century. In a worse case it will be only 1.2 percent. There was talk of a 3-percent growth in the general electricity management plan accepted by the government last October. The basis of the ministry's latest estimate is that growth in Finland's most important Western export countries will remain at an approximate annual rate of 2 percent.

Primarily as the result of these modest economic growth estimates, the ministry believes that even the additional need for electricity will, for

example, remain less than what was contemplated in the general electricity management plan. The Ministry of Trade and Industry is now talking about a "growth scenario" and a "slower growth scenario". In the former instance consumption of electricity will increase 2.5 percent and in the latter 1.5 percent annually.



According to KTM, new electric power capacity will be needed immediately in the beginning of the 1990's inasmuch as the economy grows at an annual rate of 2.5 percent ("growth economy"). Inasmuch as growth remains at an annual rate of 1.5 percent ("slower growth economy"), additional capacity will not be needed in this century.

Key:

- | | |
|--------------------------|--------------------------------|
| 1. Growth economy | 4. Available power |
| 2. Slower growth economy | 5. Power needs until year 2000 |
| 3. Needed power | |

Thus according to KTM, approximately 51--54 terawatt hours of electricity will be consumed in Finland in 1990 and 57--68 terawatt hours at the turn of the century. The estimates were approximately 57 for the year 1990 and 70 terawatt hours 10 years later in the general plan approved by the government.

The general plan was based on the previous calculations of the ministry and the Cooperative Commission of Electricity Producers (STYV). These figures were also approved by Imatra Power in its "summary of summaries" compiled a year ago.

Significant differences in the most recent study of KTM in comparison with the reports compiled by the producers of electricity are to be found in, among

other things, the amount of electricity needed by its most important consumer, the forest industry. KTM calculates the sector's needs in 1995 under the "slower growth alternative" to be 15.9 terawatt hours while the forest industry's own calculations last fall talked of 21.5 terawatt hours.

Lowest Forest Estimates

In a "growth scenario" KTM estimates that the needs of the forest industry will be 19.9 terawatt hours, which is also clearly less than the estimates of the forest industry.

KTM's "slower growth estimate" is even lower than Neste's and Jaakko Poyry's prediction made at the beginning of the current year. Neste calculated the sector's consumption to be approximately 17 terawatt hours in the year 2000 while KTM's estimate in the "slower growth scenario" is 16.5. The estimate at the end of the century for the "growth scenario" is 22.6 terawatt hours.

However, KTM points that its forestry estimates are based on an annual growth rate of 3 percent for production in the forest industry, which will require considerable efforts from this sector and from society. If these efforts do not succeed, the forecasted amounts of electricity will not be needed.

1,300 Megawatts of New Power

According to the conclusions drawn by KTM, the current procurement capacity of electricity will be completely exhausted at the end of this decade, "later" with a slower growth. Growing demand will be satisfied by building "economically feasible community heating plants and industrial percentage power plants as well as by increasing hydropower to some degree"

These means will provide for an additional 1,400 megawatts of power above and beyond present facilities producing less than 12,000 and will compensate for part of the retired capacity. Inasmuch the economy grows in accordance with the "growth scenario", an additional 1,300 megawatts of condensation power will be needed in Finland by the end of this century. However, in March yet KTM declared a need of 1,500 megawatts in a speech delivered by the late General Manager Erkki Vaara.

Not including the above-discussed differences KTM's "final energy report" contains very little that is new. From the point of view of the national economy it considers nuclear power "to be a somewhat more favorable alternative, on the whole, than production systems based on combustion, meaning coal.

The Ministry of Trade and Industry does not, however, take a stand in support of nuclear power, but is emphatically travelling the center of the road. In addition to less expensive kilowatts, environmental protection problems, the failure to resolve the waste question, and the closeness of the municipal elections, among other things, are having an effect on the nuclear power decision. Indeed, a decision on a large power plant will most likely be postponed for a couple years.

DEPENDENCE ON FOREIGN LANDS FOR PETROLEUM IMPORTS

Zurich NEUE ZUERCHER ZEITUNG in German 31 May-1 Jun 84 p 11

[Text] In recent years, there has been substantial geographic diversification in the supplying of Switzerland with liquid heating and motor fuels, which manifests itself especially in the area of crude oil imports. Precisely in view of the potential effects of the conflict between Iran and Iraq, it is relevant to note that the proportion of Swiss crude oil imports originating in the Gulf region has declined from about 66 percent in 1977 to less than 17 percent in 1983. In this connection, however, as brought out by the Petroleum Association in its annual report (compare NEUE ZUERCHER ZEITUNG No 121), one must consider above all that of total imports in the petroleum area, quantitative only 33.8 percent, or 4.0 million tons, is for crude oil, whereas finished products and semi-finished products, with 7.9 million tons, accounted for 66.2 percent. Still, however, imported crude oil, which is refined exclusively in the two domestic refineries, leads to a final energy production that is equivalent to practically the entire Swiss consumption of electricity and gas.

In the Wake of Market Forces

The origin of Swiss crude oil imports in 1983 was characterized by a further shift in favor of African producer countries, a shift that was already evident the previous year. Their share increased to 81.8 percent (61.4 percent in 1982), whereas imports from Middle East fell to 16.6 (25.7) percent and crude oil from the North Sea still accounted for 1.6 percent (9.4 percent in 1982). Among African supplier countries, substantial increases were shown by Libya with 43.5 (26.5) percent of the total, Algeria with 23.0 (11.0) percent with Tunisia with 7.7 (1.6) percent, whereas Nigeria clearly declined with 7.6 (22.0) percent. In the Gulf region, only Saudi Arabia was able to hold its own with 11.9 (9.6) percent. Meanwhile, the United Arab Emirates with 2.2 (11.2) percent and Iran with 2.5 (4.9) percent exported less crude oil to Switzerland.

Essentially, the renewed increase in crude oil imports from African countries continued to be caused by the absolute and relative cheapening of these sources as well as by their qualitative characteristics that correspond to the Swiss demand structure, foremost among which is their lower sulfur content. Thus, in the wake of market forces, world crude oil trade has once again proven itself to be extremely flexible and adaptable, to which the broad basis of the Swiss import structure and the increasing importance of the "traders" as the actual trading level have probably also contributed.

Finished Products Mainly From EEC Countries

In contrast, there has been no significant change in the origin of finished and semifinished products compared with the previous year. With a 63.8-percent share (61.2 percent in 1982), EEC countries were again the main suppliers. Imports from the Eastern bloc declined from 35.1 to 31.7 percent. Those from the United States, on the other hand, rose slightly from 1.8 to 4.2 percent, whereas other countries accounted for only 0.3 percent compared with 1.9 percent in 1982.

Regarding individual countries within the EEC, the Netherlands has reached the top with 15.5 percent (14.1 percent in 1982), and this is mainly because of distinctly higher gas oil imports. Belgium and Luxembourg, despite substantially higher gasoline deliveries at a time of almost stagnant imports of gas oil, have thus fallen back to second place with 14.6 (14.4) percent. The FRG, with 12.2 (12.1) percent; France, with 12.1 (11.9) percent; and Italy, with 9.1 (8.6) percent, registered only relatively slight changes. In absolute terms, however, their exports to Switzerland have in all cases clearly increased, above all as a result of the larger imports of heating oil.

In regard to imports from Eastern bloc countries, 95 percent of which consisted of fuel and diesel oil, the USSR remains dominant, although its share has declined noticeably from 33.5 to 28.6 percent. In contrast, imports from the CSSR have increased from 1.3 to 1.7 percent and those from Hungary have increased from 0.3 to 1.1 percent. Finally, 0.3 percent (0.0 percent in 1982) of Swiss imports of mineral products came from the remaining Eastern bloc countries.

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